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Footwear
(Men's, Women's & Boys' and Girls')

FAIRCHILD FACT FILE

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FOOTWEAR (MEN'S, WOMEN'S, BOYS' & GIRLS')

Market Trends

The slide in U.S. production of footwear started in 1968 (when output exceeded 640 million pairs), and it has accelerated. Production in 1985 of nonrubber footwear (which excludes canvas-top shoes and protective plastic/rubber footwear) dwindled to 265.5 million pairs. This was 12.4% below the 1984 total; 59% below the 1968 level. In the first seven months of 1986, U.S. nonrubber footwear production fell more than 11% below the comparable total a year earlier, and double digit declines are expected for the balance of the year.

Meanwhile, imports continue to soar. In 1985, a total of over $842 million pairs in the nonrubber footwear classification came into the U.S. market from foreign sources, up 16% over the 1984 total, and more than quadruple the 1968 total of 175.3 million pairs. In the first six months of 1986, imports accounted for 81% of the new supply of footwear in the U.S. in quantity, and 62% in terms of value. After a dip in June, imports skyrocketed 24% in July, despite price increases due to higher production costs in some countries, the weaker U.S. dollar, and an import total of close to one billion pairs this year.

Much of the increase in imports has been due to the great demand for aerobic footwear -- soft leather-topped footwear which can be efficiently produced in the U.S. This shoe top accounts for about 30% of the U.S. athletic footwear market, and is dominated by two U.S. suppliers: Reebok and Nike. It was the fastest-growing shoe type last year, and growth is expected to continue, though at a slower rate. Major producers are expanding their lines of fitness shoes for men and aerobics for women.

The next growth area in the athletic footwear market is expected to be in walking shoes, although views on the outlook for this segment are mixed. Addidas is one of the few athletic footwear manufacturers that have decided not to get into the walking shoe arena, as these shoes do not fit into the traditional channels of sporting goods distribution, but are generally sold in department stores. Another growth area is reported to be in canvas-upper shoes. These are expected to reemerge in popularity among wearers attracted by the durability of canvas.

In most types of footwear there was a great oversupply in the U.S. market in 1985, and competition was intense. Aided by the drop in the value of the U.S. dollar, some U.S. producers were able to find markets overseas -- particularly in Japan which bought our athletic footwear, and in Mexico. But exports are very samll compared with imports -- reaching a total of 11.3 million pairs last year, the best since 1980. In 1984, 9.9 million pairs were exported.

The total value of personal consumption expenditures for footwear, according to the Census Bureau, reached $22.9 billion in 1985, which was 5.0% over the 1984 total. In the first six months of 1986, shoe store sales in the U.S. were up 2.8% on a seasonally adjusted basis compared with the same 1985 period, with multi-units (in firms with 11 or more shoe stores) doing better (+11.1%). In an analysis of the fashion footwear market by Merrill Lynch, a gain of about 4% in sales was anticipated in 1986 and a 2.5% rise in 1987, compared with the 8% increase registered for this segment of the market in 1985.

The large inventory buildup brought about by rapidly changing fashions in all types of footwear which prevailed last year has been brought under better control. However, the industry must still cope with changes in consumer style preferences among every age group. Colors and decorations and "trendy" looks characterize a large part of the market, and consumer demand is very unpredictable. Fashion directions are pointing to boots in the coming season, and reception is reported to be good. Another growth area is reported to be the comfort shoe market.

AT THE MANUFACTURER LEVEL

GENERAL INDUSTRY STATISTICS

A complete census of all manufactures in the U.S. with one or more employees on the payroll is compiled every five years by the U.S. Department of Commerce, Bureau of the Census. Results from the most recent census, covering operations in 1982 in industry classifications defined under the Standard Industrial Classification system, are reported in the following tables. In addition, comparable figures for 1983 and 1984, from the annual surveys of manufactures. The Census Bureau conducts an annual survey among a sample of manufacturers (as opposed to a complete census) in order to develop estimates on key measurements of manufacturing activity during intercensal periods.

In addition to the above, the International Trade Administration (Department of Commerce) compiles estimates and forecasts involving manufacturing activity, and overall market supply, published in the annual report, U.S. Industrial Outlook. This source, too, is drawn upon in the following data.

The value of shipments, including contract work, secondary products and miscellaneous receipts (labelled "industry shipments") in the nonrubber footwear industry amounted to $4,883 million in 1984. This amount was 6.6% below the 1983 total, and 7.3% lower than in 1982. According to ITA estimates, the decline in industry shipments accelerated in 1985, dropping 16% compared with 1984 on a constant (1982) dollar basis, and the rate of decline is expected to slow to -3.7% for the year 1986.

On a current dollar basis, industry shipments in the rubber/plastics footwear industry were valued at $681.3 million in 1984, down 6.4% from 1983 and 3.5% below the 1982 total. The ITA reported that on a constant dollar basis, eliminating the effects of inflation, industry shipments registered an annual average decline of 2% in value in the 1972-1984 period, and were down an estimated 3% in 1985 compared with 1984. A further decline was anticipated for 1986.

GENERAL INDUSTRY STATISTICS

Trends in the Footwear Industry

	Compound Annual Rate of Growth 1972-1982	Compound Annual Rate of Growth 1977-1982	Percent Change (e) 1985/1984	Percent Change (e) 1986/1985
Nonrubber footwear industry				
Value of industry shipments				
Current dollars				
Industry total	+ 4.9%	+ 6.2%	-16.0%	nr
House slippers	+ 6.2	+ 6.5	- 6.3	nr
Men's footwear	+ 5.8	+ 5.4	-10.3	nr
Women's footwear	+ 3.7	+ 7.3	-24.7	nr
Footwear, nec	+ 5.1	+ 6.1	-12.9	nr
Constant 1982$				
Industry total	- 2.4	- 1.8	-16.9	- 3.7
House slippers	- 0.6	- 0.4	- 7.3	- 2.0
Men's footwear	- 2.6	- 2.9	-12.4	- 2.0
Women's footwear	- 2.9	- 1.1	-24.9	- 5.0
Footwear, nec	- 0.8	- 0.3	-14.3	- 7.0
Total employment	- 3.6	- 3.5	-13.7	nr
Rubber/plastics footwear industry				
Value of industry shipments				
Current dollars	+ 1.6	+ 6.4	nr	nr
Constant (1982$)	- 3.6	+ 1.5	- 3.0	nr
Total employment	- 5.7	- 2.3		nr

nr not reported
nec not elsewhere classified
(e) estimated

Source: U.S. Department of Commerce,
International Trade Administration
U.S. Industrial Outlook 1986

The U.S. Manufacturing Industry By Type of Footwear, 1977, 1982-1984

NONRUBBER FOOTWEAR, TOTAL (SIC 314)	1984	1983	1982(r)	1977	% Change 1984/82
Number of companies	na	na	na	541	—
Number of establishments#	na	714	752	811	—
With 20 or more employees	na	513	537	603	- 16.6%
All employees (thous.)	101.3	113.4	122.5	145.5	- 17.2
Production workers (thous.)	88.9	100.1	108.4	129.3	- 9.9
Payroll (mil. $)	$1,125.8	$1,236.5	$1,255.1	$1,031.5	- 7.3
Value added by manufacture (mil. $)**	2,602.8	2,849.8	na	2,069.4	- 7.3
Value of industry shipments (mil. $)***	4,883.2	5,228.0	5,285.1	3,891.7	- 2.7
Capital expenditures, new (mil. $)	63.8	57.9	65.6	37.1	—
Machinery equipment	na	na	47.3	28.1	—

(continued)

GENERAL INDUSTRY STATISTICS

The U.S. Manufacturing Industry By Type of Footwear, 1977, 1982-1984
(continued)

	1984	1983	1982(r)	1977	% Change 1984/82
MEN'S FOOTWEAR, EXCEPT ATHLETIC (SIC 3143*)					
Number of companies	na	na	129	115	—
Number of establishments#	na	195	203	213	—
With 20 or more employees	na	na	159	180	—
All employees (thous.)	40.1	43.0	46.5	55.0	- 13.8
Production workers (thous.)	35.3	38.0	40.7	49.2	- 13.3
Payroll (mil. $)	$ 472.7	$ 494.1	$ 503.1	$ 417.0	- 6.0
Value added by manufacture (mil. $)**	118.9	1,138.7	1,101.4	871.9	+ 1.6
Value of industry shipments (mil. $)***	2,230.6	2,264.0	2,261.4	1,734.5	- 1.4
Capital expenditures, new (mil. $)	28.0	18.8	28.3	14.5	- 1.1
Machinery & equipment	na	na	18.8	11.0	—
WOMEN'S FOOTWEAR, EXCEPT ATHLETIC (SIC 3144*)					
Number of companies	na	na	209	243	—
Number of establishments#	na	266	293	328	—
With 20 or more employees	na	219	226	241	—
All employees (thous.)	40.7	46.5	48.4	57.6	- 15.9
Production workers (thous.)	36.1	41.5	43.4	51.3	- 16.8
Payroll (mil. $)	$ 431.2	$ 495.4	$ 483.1	$ 388.6	- 10.7
Value added by manufacture (mil. $)**	987.1	1,156.2	1,107.0	755.0	- 10.8
Value of industry shipments (mil. $)***	1,728.1	1,957.7	1,933.2	1,361.2	- 10.8
Capital expenditures, new (mil. $)	23.2	22.8	20.2	9.7	+ 14.8
Machinery & equipment	na	na			—
HOUSE SLIPPERS (SIC 3142*)					
Number of companies	na	na	53	65	—
Number of establishments#	na	54	62	78	—
With 20 or more employees	na	35	44	55	—
All employees (thous.)	6.5	6.4	7.5	8.1	- 13.3
Production workers (thous.)	5.4	5.4	6.4	7.0	- 15.6
Payroll (mil. $)	$ 66.8	$ 64.2	71.3	$ 54.5	- 6.3
Value added by manufacture (mil. $)**	133.6	128.9	149.7	108.8	- 10.7
Value of industry shipments (mil. $)***	248.4	241.9	275.8	201.2	- 9.9
Capital expenditures, new (mil. $)	4.1	2.6	3.1	2.3	+ 32.3
Machinery & equipment	na	na	2.4	1.6	—
FOOTWEAR, EXCEPT RUBBER, NOT ELSEWHERE CLASSIFIED (SIC 3149*)					
Number of companies	na	na	167	159	—
Number of establishments#	na	188	193	192	—
With 20 or more employees	na	107	107	127	—
All employees (thous.)	14.0	17.4	19.1	24.8	- 14.8
Production workers (thous.)	12.1	15.2	16.8	21.8	- 17.3
Payroll (mil. $)	$ 155.2	$ 182.9	$ 192.7	$ 171.4	- 7.5
Value added by manufacture (mil. $)**	363.2	426.0	450.9	333.7	- 5.3
Value of industry shipments (mil. $)***	676.2	764.5	798.9	594.8	- 3.5
Capital expenditures, new (mil. $)	8.6	7.7	14.0	10.6	+ 85.5
Machinery & equipment	na	na	9.2	7.8	—

(continued)

GENERAL INDUSTRY STATISTICS

The U.S. Manufacturing Industry By Type of Footwear, 1977, 1982-1984
(continued)

	1984	1983	1982(r)	1977	% Change 1984/82
RUBBER & PLASTICS FOOTWEAR (SIC 3021*)					
Number of companies	na	na	53	67	—
Number of establishments#	na	66	65	84	—
With 20 or more employees	na	45	40	50	—
All employees (thous.)	15.0	17.3	17.6	19.8	- 14.8%
Production workers (thous.)	12.4	14.9	15.0	16.4	- 17.3
Payroll (mil. $)	$ 181.8	$ 200.0	$ 196.5	$ 159.1	- 7.5
Value added by manufacture (mil. $)**	340.9	425.9	360.1	272.3	- 5.3
Value of industry shipments (mil. $)***	681.3	728.0	706.2	517.0	- 3.5
Capital expenditures, new (mil. $)	23.0	12.7	12.4	11.3	+ 85.5
Machinery & equipment	na	na	11.4	10.4	—
BOOT & SHOE CUT STOCK & FINDINGS (SIC 3131*)					
Number of companies	na	na	149	174	—
Number of establishments#	na	154	161	190	—
With 20 or more employees	na	75	80	96	—
All employees (thous.)	6.0	63	6.8	8.5	- 11.8
Production workers (thous.)	5.1	57	5.7	7.4	- 10.5
Payroll (mil. $)	$ 173.8	$ 75.7	$ 80.8	$ 65.3	- 8.7
Value added by manufacture (mil. $)**	128.3	142.0	154.7	109.4	- 17.1
Value of industry shipments (mil. $)***	313.8	353.1	367.8	270.6	- 14.9
Capital expenditures, new (mil. $)	2.8	4.5	6.0	3.0	- 53.3
Machinery & equipment	na	na	5.0	2.2	—

na not available

(r) revised

Each business location is counted as a separate establishment. Figures for 1983 are from County Business Patterns, U.S. Bureau of the Census.

* Manufacturers are classified by industry under the Standard Industrial Classification (SIC) System determined by the principal product manufactured, as shown below. (SIC 314 is a composite of industries in 3142, 3143, 3144 and 3149).

SIC 3143 comprises establishments primarily engaged in the production of men's dress and casual shoes, boots and work shoes. Much of the footwear produced in this industry is primarily of leather.

SIC 3144 comprises establishments primarily engaged in the production of women's dress and casual shoes, sandals and boots. Much of the footwear produced in this industry is primarily of leather.

(Footnotes continued)

SIC 3142 comprises establishments primarily engaged in the production of house slippers made of leather or other materials. Slipper socks are included in this industry.

SIC 3149 comprises establishments primarily producing footwear not classified in the above industries or in SIC 3021 (rubber and plastic). Included in SIC 3149 are shoes for infants and babies, children, misses, youths and boys. Also included are athletic shoes (except footwear with fabric uppers and rubber or plastic soles), theatrical shoes, and beach slippers.

SIC 3021 comprises establishments making all-rubber or all-plastic footwear, or footwear with rubber or plastic soles galvanized to the fabric uppers. There are two basic types of footwear included: (1) fabric upper espadrilles, sneakers (with fabric uppers), specialties designed for leisure wear (not including slippers), etc.; (2) protective footwear including boots, arctics, rubbers, etc., designed to be worn as a protection against water, oil, chemicals, cold weather, etc.

SIC 3131 comprises establishments primarily engaged in manufacturing leather soles, inner soles, and other boot and shoe cut stock findings. This industry also includes finished wood heels. It does not include manufacturers of shoe findings made of rubber, plastic, or fiber.

** Value added by manufacture is derived by subtracting the cost of finished products, materials, supplies, fuel, contract work, etc., from the value of shipments (including resales of finished products) plus the net change in the value of finished products and work-in-process inventories between the beginning and end of the year, without adjustment for price changes.

*** Value of industry shipments represents the net selling values, f.o.b. plant, after discounts and allowances, and excluding freight charges and excise taxes. This value includes both products described as primary to the industry and secondary products, as well as miscellaneous receipts for contract work, resales, etc. Industry shipments should be clearly distinguished from the total value of footwear made by all producers (product shipments) which includes footwear made as a secondary product by manufacturers classified in other industries. Total product value is shown in the section on PRODUCT SHIPMENTS.

Spurce: U.S. Bureau of the Census, Census of Manufactures, 1977, 1982, (Industry Series MC82-1-30A, 31A).

Explanation of other terms used in this fact file:

Nonrubber footwear: Includes shoes, boots and slippers made by "conventional" processes, such as cemented, welted, slip-lasted, etc., and shoes with rubber sole vulcanized to leather uppers. (Footwear covered in SIC 314).

Rubber/plastic footwear: Footwear with rubber or plastic soles/fabric uppers and rubber or plastic protective footwear. (SIC 302).

Sizes:

Men's shoes: sizes 6 and over, including big boys; shoes.
Youths' and boys' shoes: sizes 12 1/2 to 5 1/2.
Women's shoes: sizes 4 and over including growing girls' shoes.
Misses' shoes: sizes 12 1/2 to 3 1/2.
Children's shoes: sizes 8 1/2 to 12, including little boys' shoes.
Infants' shoes: size 0 to 8.

GENERAL INDUSTRY STATISTICS

Employment & Earnings

Monthly information on employment and earnings by industry in the U.S. is compiled by the Monthly Bureau of Labor Statistics, U.S. Department of Labor. This data differs somewhat from the annual averages reported by the Census Bureau due to a difference in methodology in the compilation of figures.

The BLS data confirms the steady decline in activity in the U.S. footwear industry, which has accelerated in recent years. In the first five months of 1986, employment in the nonrubber footwear industry averaged 5.2% below the 1985 level in the same period. Employment in the men's segment (not including athletic footwear) in this span dropped 7.1%. Employment in January - May averaged 3.4% below comparable 1985 figures in the women's nonrubber footwear segment. In the rubber/plastics footwear industry, employment in this period averaged 12.8% below the level of the first five months of 1985.

For the year 1985, total employment in the nonrubber footwear industry in the U.S. averaged just under 100,000 compared with 114,700 in 1984 and down from 193,300 in 1972. The 1985 annual average was about 13% below the 1984 average. The sharpest drop was in the women's footwear segment, where total employment last year was more than 15% below the 1984 level, compared with a decline of less than 11% in employment in men's footwear plants. Employment in the rubber/plastics footwear industry in this period dropped almost 20%, and averaged less than 14,000 compared with the 32,000 average in this industry in 1972.

While the level of employment declined, average earnings by production workers showed a moderate rise. Overall, average weekly earnings in the nonrubber footwear industry in 1985 gained 3.3% compared with 1984; in the rubber/plastics industry, earnings were up 2.3%.

Trends in Employment Levels in the Footwear Industry
Annual Averages, Selected Years - 1972--1985
(In thousands)

	Total Industry		Men's Footwear*		Women's Footwear*	
	Total Employment	Production Workers	Total Employment	Production Workers	Total Employment	Production Workers
Nonrubber footwear industry:						
1972	193.3	168.3	63.8	54.8	86.6	75.9
1977	156.9	136.5	64.1	56.7	62.3	53.2
1982	135.1	115.1	54.8	45.3	51.4	44.8
1983	126.0	107.3	50.7	41.0	47.9	42.5
1984	114.7	97.5	48.0	38.9	42.2	37.1
1985	99.9	64.6	42.8	34.6	35.7	31.3
Rubber/plastics footwear industry:						
1972	32.0	29.0				
1977	24.2	20.9				
1982	18.8	16.2				
1983	16.7	14.1				
1984	16.4	14.0				
1985	13.4	11.3				

* Not including athletic footwear, which is, however, included in the total, along with slippers and other miscellaneous types of nonrubber footwear.

Source: U.S. Department of Labor, Bureau of Labor Statistics
Supplement to Employment & Earnings

GENERAL INDUSTRY STATISTICS

Employment & Earnings (continued)

Labor costs are cited as a major factor in the inability of U.S. manufacturers of footwear to compete with imports. The large capital investment needed to narrow the spread, especially in adopting robotics and other advanced technology, is beyond the means of smaller producers. This has lead to plant closings, while sparking consolidations among large producers. In the first six months of 1986, according to a member of Congress, Rep. Olympia Snowe (Maine), the footwear industry closed 32 factories and 6,200 jobs were lost, while imports gained another 14% of the market.

Hourly pay rates continue to rise in U.S. plants. In 1985 hourly earnings of production workers in nonrubber footwear plants averaged $5.53, up from $5.43 in 1984 and $5.27 in 1983. In men's footwear plants, the 1985 average was $5.86 an hour; in women's footwear, $5.30. Footwear Industries of America (F.I.A.) has compiled data on the share of the average factory price of a pair of shoes represented by labor costs. This took an upward turn in 1984, going to 25.7% from 22.2% in 1983.

Nonrubber Footwear Unit Labor Costs
1975-1984

Year	Wage/ Hour	Pairs/ Hour	Unit Labor Cost	Average Price/Pair	Labor Share %
1975	3.08	1.583	1.95	7.50	26.0
1976	3.28	1.516	2.16	8.28	26.1
1977	3.48	1.610	2.16	8.53	24.9
1978	3.75	1.581	2.37	9.20	25.8
1979	4.09	1.656	2.47	10.60	23.3
1980	4.42	1.656	2.67	12.00	22.3
1981	4.82	1.566	3.08	12.85	24.0
1982	5.12	1,709	3.00	13.43	22.3
1983	5.27	1.704	3.09	13.94	22.2
1984	5.43	1.609	3.37	13.13	25.7

Source: Compiled by F.I.A. from U.S. Department of Labor Bureau of Labor Statistics and U.S. Department of Commerce, Bureau of the Census data

Average Weekly Hours & Earnings of Production Workers, 1983-1985

	Average Weeky Earnings			Employment (thousands) Average Weekly Hours		
	1985	1984(r)	1983(r)	1985	1984(r)	1983(r)
Nonrubber footwear, total*	$202.40	$196.02	$190.77	36.6	36.1	36.2
Men's (except athletic)	210.96	208.42	202.40	36.0	36.5	36.8
Women's, exc. athletic	195.57	187.07	185.24	36.9	35.7	35.9
Rubber/plastics footwear	215.08	210.26	196.08	37.8	39.3	38.0

Source: U.S. Department of Labor, Bureau of Labor Statistics
Supplement to Employment & Earnings

GENERAL INDUSTRY STATISTICS

Employment & Earnings (continued)

Monthly Pattern in Footwear Industry Production Worker Employment, 1985
Index: 1985 Monthly Average = 100)

	Nonrubber Footwear Industry*		Rubber/Plastics Footwear Industry
	Men's	Women's	
Year 1985	100.0	100.0	100.0
January	103.8	102.9	106.2
February	101.2	97.1	104.4
March	100.6	94.2	104.4
April	100.6	95.2	103.5
May	100.6	100.0	105.3
June	101.4	103.2	102.6
July	[illegible].6	96.2	96.5
August	101.2	104.5	96.5
September	99.7	102.9	93.8
October	99.1	100.9	93.8
November	98.8	101.9	95.6
December	99.1	101.9	95.6

* Not including athletic footwear

Source: Based on Bureau of Labor Statistics reports.

Industry Concentration

According to the most recent figures issued by the U.S. International Trade Commission, an estimated 220 companies with 10 or more employees produced nonrubber footwear in the U.S. in 1984. Only 50 of these firms were publicly-owned corporations.

The USITC found that two-thirds of the producers make less than 1 million pairs annually and together account for less than 14% of total domestic production. In 1984, 20 producers, each with multi-plant operations, accounted for almost one-half of the industry's production, but these large producers did not increase their market share between 1980 and 1984. The largest single U.S. producer in 1984 accounted for about 8% of the domestic market and the twentieth-largest, only 1%. Faced with surging imports, most large U.S. producers have responded by closing plants, moving into shoe and specialty retailing, and importing their own brands of footwear.

From 1981 to 1985, 207 plants in the nonrubber footwear industry were closed. The largest number of closings -- 94 -- occurred in 1984, reducing the number operating to 459 at the end of the year. In the first half of 1986, 32 plants were closed.

Industry Concentration (continued)

The number of U.S. plants producing rubber and plastic footwear fell from 107 in 1972 to about 55 in 1984 and 50 in 1985. Of the 1984 total, protective footwear was produced in 10 plants; rubber or plastic soled/fabric upper footwear was produced in 45 plants. Imports account for the sharp decline in number of plants for the most part, as well as the overall drop in market demand and competition from aerobic footwear. U.S. manufacturers have reacted by concentrating on footwear types in which they are most competitive, diversifying where possible, and importing to fill out footwear lines. There are now reports in the market that demand is picking up for canvas-topped footwear from customers dissatisfied with the wearing qualities of soft leather shoes.

As part of the complete census of manufactures covering operations in 1982, the U.S. Census Bureau has compiled data on industry concentration levels, using various measurements. Looking first at multi-unit versus single-unit companies, as noted in the table below, most companies in reported segments of the footwear industry are single-plant operations. However, the multi-plant companies account for a large percentage of the value of shipments. In men's footwear, 38% of the companies (49 out of 129) are multi-plant operations. These companies operated about 61% of the plants making men's nonrubber footwear and account for 92.1% of industry shipments.

In women's nonrubber footwear, about 28% of the companies are multi-unit companies (58 out of 209), as of 1982. The multiunit operators had less than half of the plants (48.5%), but accounted for 76.4% of shipments.

In the rubber/plastics footwear industry, about 38% of the companies operated more than one plant and these companies accounted for 85% of industry employment, 88% of the value of industry shipments.

Type of Company (Multi-Units & Single Units), 1982

	No. of Companies	Plants		Employees		Value of Industry Shipments	
		No.	%	Thous.	%	Thous. $	%
Nonrubber footwear							
Men's, except athletic	129	203	100.0	46.5	100.0	$2,261.4	100.0
Multiunit companies	49	123	60.6	41.7	89.7	2,082.7	92.1
Single-unit companies	80	80	39.4	4.8	10.3	178.8	7.9
Women's, except athletic	209	293	100.0	48.4	100.0	1,933.2	100.0
Multiunit companies	58	142	48.5	35.8	74.0	1,476.6	76.4
Single-unit companies	80	80	39.4	4.8	10.3	458.6	23.6
House slippers	53	62	100.0	7.5	100.0	275.8	100.0
Multiunit companies	13	22	35.5	3.6	48.0	156.6	56.8
Single-unit companies	40	40	64.5	3.9	52.0	119.2	43.2
Footwear, nec	167	193	100.0	19.1	100.0	798.9	100.0
Multiunit companies	33	59	30.6	13.5	70.7	619.1	77.5
Single-unit companies	134	134	69.4	5.6	29.3	179.8	22.5
Rubber/plastic footwear	53	65	100.0	17.6	100.0	706.2	100.0
Multiunit companies	20	32	49.2	14.9	85.1	618.9	87.6
Single-unit companies	33	33	50.8	2.6	14.9	87.4	12.4

nec not elsewhere classified

Source: U.S. Bureau of the Census, 1982 Census of Manufactures Type of Organization, Subject Series MC82-S-5

GENERAL INDUSTRY STATISTICS

Industry Concentration (continued)

The Census Bureau has also compiled information on the value of industry shipments accounted for by the 50 largest companies in various segments of the footwear industry. It should be noted that a company can be counted in more than one segment of the industry. In the nonrubber footwear industry, the concentration level of shipments in 1982 compared with 1977 is much more pronounced among companies making women's footwear than men's footwear.

Share of Industry Shipments Accounted For By the Largest Manufacturing Companies, 1977, 1982

Industry	No. of Companies	Value of Shipments: Total (mil. $)	% Share Accounted For by Largest Companies: Top 4	Top 8	Top 20	Top 50
Nonrubber footwear						
Men's except athletic						
1982	129	$2,261.4	28	45	74	96
1977	115	1,734.5	31	46	73	95
Women's, except athletic						
1982	209	1,933.2	38	47	64	84
1977	243	1,361.2	29	39	56	79
House slippers						
1982	53	275.8	60	76	94	nr
1977	65	201.2	44	64	87	99
Footwear nec						
1982	167	798.9	26	41	68	93
1977	159	594.8	24	41	68	91
Rubber/plastics footwear						
1982	53	706.2	39	61	94	100
1977	67	517.0	58	73	95	99+

nr not reported
nec not elsewhere classified

Source: U.S. Bureau of the Census, 1982 Census of Manufactures, Concentration Ratios in Manufacturing, Subject Series MC82-S-7

In addition to 1982 Census data, the Census Bureau's annual County Business Pattern report provides information on the number of establishments by employment size for specific industries on a county and U.S. summary basis.

Industry Concentration (continued)

Establishments in the Footwear Industry By Employment-Size Class: 1983

	Nonrubber Footwear Industry		Rubber/Plasicts Footwear Industry	
	Estabs*	Employees	Estabs*	Employees
Total number in the U.S.	714	112,913	66	16,049
Employment size class:				
Under 10	148	nr	19	1,287
10 to 49	133	3,262	12	372
50 to 99	83	6,140	6	
100 to 999	345	95,384	25	8,297
1,000 or more	5	nr	4	6,093

* An establishment is a physical location (plant) where business is conducted or industrial operations performed which is in operation anytime during the year.
nr not reported to avoid disclosure of individual operations.

Source: U.S. Bureau of the Census
County Business Patterns 1983

Footwear Industry Statistics By Employment Size of Plant: 1982
(Employment in thousands)

Industry	Plants		Employment		Value Added by Mfr.*		Value of Shipments	
	No.	%	No.	%	Mil. $	%	Mil. $	%
Men's footwear, total	203	100.0	46.5	100.0	$1,101.4	100.0	$2,261.4	100.0
Plants with average employment of —								
1 - 19 employees	44	21.7	0.3	0.6	5.7	0.5	14.7	0.7
20 - 99 employees	34	16.7	1.9	4.1	29.3	2.7	66.3	2.9
100 or more employees	125	61.6	44.3	95.3	1,066.4	96.8	1,180.4	96.4
Women's footwear, total	293	100.0	48.4	100.0	1,107.0	100.0	1,933.2	100.0
Plants with average employment of—								
1 - 19 employees	67	22.9	0.5	1.0	11.4	1.0	19.2	1.0
20 - 99 employees	76	25.9	4.2	8.7	81.9	7.4	155.7	8.1
100 or more employees	150	51.2	43.7	90.3	1,013.7	91.6	1,758.3	90.9
House slippers, total	62	100.0	7.5	100.0	149.7	100.0	275.8	100.0
Plants with average employment of—								
1 - 19 employees	18	29.0	0.2	2.7	3.4	2.3	5.5	2.0
20 - 99 employees	22	35.5	0.8	12.0	18.7	12.4	32.4	11.7
100 or more employees	22	35.5	6.4	85.3	127.6	85.3	237.9	86.3
Athletic & other footwear, total	193	100.0	19.1	100.0	450.9	100.0	798.9	100.0
Plants with average employment of—								
1 - 19 employees	86	44.5	0.5	2.6	13.7	3.0	22.9	2.9
20 - 99 employees	45	23.3	2.2	11.5	44.9	10.0	73.5	9.2
100 or more employees	62	32.1	16.4	85.9	392.3	87.0	702.5	87.9

(continued)

GENERAL INDUSTRY STATISTICS

Industry Concentration (continued)

Footwear Industry Statistics By Employment Size of Plant: 1982
(Employment in thousands)
(continued)

Industry	Plants No.	Plants %	Employment No.	Employment %	Value Added by Mfr.* Mil. $	Value Added by Mfr.* %	Value of Shipments Mil. $	Value of Shipments %
Rubber/plastics footwear, total	193	100.0	19.1	100.0	450.9	100.0	798.9	100.0
Plants with average employment of—								
1 - 19 employees	31	47.7	0.5	2.8	15.1	4.2	25.7	3.6
20 - 99 employees	34	52.3	17.1	97.2	345.0	95.8	680.5	96.4

* For an explanation of this term, see page 6.

Source: U.S. Bureau of the Census, 1982 Census of Manufactures, 1982 General Summary, Subject Series MC82-S-1 (Part 2)

Location of the Industry

Ranked on the basis of value added by manufacture, as well as value of industry shipments, Maine is the leading state in the U.S. nonrubber footwear industry. This State accounted for 14.9% of the value added and 14.4% of the value of industry shipments in 1982. Missouri ranked second; Tennessee, third.

While New York State had the largest number of plants classified in the industry (87), it ranked sixth in terms of value added by manufacture in its nonrubber footwear industry plants and in value of industry shipments.

Leading States in the Manufacture of Nonrubber Footwear, 1982
(Ranking based on value added by manufacture)

	No. of Plants Total	No. of Plants With 20+ Employees	Employees (thous.)	Valued Added By Manufacturer Mil. $	Valued Added By Manufacturer %	Value of Shipments Mil. $	Value of Shipments %
Nonrubber footwear industry, total	751	536	121.4	$2,808.9	100.0	$5,269.3	100.0
Leading states:							
Maine	60	50	15.5	420.1	14.9	758.1	14.4
Missouri	51	45	13.6	233.5	11.9	582.5	11.0
Tennessee	36	35	10.8	278.1	9.9	478.5	9.1
Massachusetts	62	47	9.1	230.0	8.2	414.0	7.9
Pennsylvania	73	64	11.2	220.7	7.9	434.9	8.2
New York	87	49	7.4	151.4	5.4	284.5	5.4
Wisconsin	25	22	4.0	110.7	3.9	226.6	4.3
New Hampshire	33	26	6.2	106.5	3.8	213.3	4.0
Arkansas	22	21	5.8	103.0	3.7	196.0	3.7
Texas	40	22	6.0	102.9	3.6	280.2	5.3

Source: U.S. Bureau of the Census, 1982 Census of Manufactures Subject Series MC82-1 (Part 1)

GENERAL INDUSTRY STATISTICS

Location of the Industry (continued)

In 1985, a total of 52 U.S. footwear factories were closed, according to Footwear Industries of America, the industry association. In the 1980-1984 period, 243 plants were closed and 77 were opened, for a net loss of 166 plants. Maine accounted for 23 of these closings; Missouri, 16 -- the two leading States measured in terms of value added by manufacture (not counting the cost of purchased materials), according to the 1982 cenus.

Net Closings of U.S. Footwear Plants, 1980-1984

	Closed	Opened	Net Change
1980	26	10	16
1981	38	19	19
1982	33	10	23
1983	42	18	24
1984	104	20	84

Source: Footwear Industries of America

MANUFACTURERS' OPERATIONS

The gains made by U.S. footwear manufacturers in 1983 were reversed in 1984, and the downtrend continued in 1985, according to an analysis of operating results of publicly owned footwear companies by Kurt Salmon Associates. Higher expenses, too much inventory, and imports contributed to the disappointing performance.

Sixteen manufacturer/resource companies were separately profiled in the KSA industry analysis, of which only five derive 100% of their sales from manufacturing footwear in the U.S. All the other firms in the Profile import some or all of their lines, or combine manufacturing/sourcing with retailing, or do business in other product areas in addition to footwear.

In fiscal 1985, sales of the 16 companies dropped 4.1% compared with 1984, while net income plummeted 95%. Net after-tax income on sales was less than one percent of the group. Not included among the 16 companies, but separately analysed, are three athletic footwear manufacturers. This group did better, with a 17.7% gain in sales in 1985 compared with 1984, but composite profits were down 14%. The three athletic companies included Nike, Converse and Reebok. Reebok, which sources entirely abroad, was the stellar performer, accounting for 20% of the group's sales and 75% of its profits.

Composite Footwear Industry Segment Results, 1984, 1985

	Manufacturers/Resources		Athletic Footwear Manufacturing	
	1985	1984	1985	1984
Number of firms	16	16	3	3
Sales (millions)	$1,373.7	$1,432.6	$1,473.3	$1,251.4
Net income	$1.3	24.0	$52.9	$61.3
Net after-tax income on sales	.09%	1.68%	3.59%	4.90%
Return on total equity	.27%	5.04%	11.96%	16.82%
Gross Profit	28.52%	29.31%	30.04%	29.89%

Source: Kurt Salmon Associates, Inc., The KSA Perspective (June 1986)

MANUFACTURERS' OPERATIONS

According to a study by the U.S. International Trade Commission (USITA), operating income and pre-tax income margins among nonrubber footwear producers in the U.S. between 1980-1984 showed a drop in 1984.

Nonrubber Footwear Producers' Operating Margins, 1980-1984

Year	Operating Income Margins	Pre-tax Income Margins
1980	9.1%	8.4%
1981	10.1	9.5
1982	8.0	7.3
1983	8.7	8.2
1984	5.8	5.3

Source: USITA

A detailed analysis of sales and operating results in the footwear industry was published in Footwear News (July 7, 1986). Sales and net profit results for publicly-owned companies classified as footwear resources (although they may also be engaged in retailing or other manufacturing) are summarized below for the latest fiscal period. The 365% sales gain registered by Reebok (which is engaged in the manufacture of activewear as well as the design, development and marketing of athletic footwear sourced overseas) had a great effect on the overall performance of the footwear industry last year.

Sales & Profits of Leading Publicly-Held Footwear Manufacturers, 1984, 1985

	Sales & Other Income			Net Profit (Loss)		
	Millions of $		% Change	Millions of $		% Change
	1985	1984	1985/84	1985	1984	1985/84
U.S. Shoe Corp.	$1,920.0	$1,717.4	+ 11.8%	$ 64.9	$ 53.4	+21.4%
Nike Inc.	946.4	919.8	+ 2.9	10.3	40.7	- 74.8
Wolverine World Wide	389.5	378.6	+ 2.9	4.0	2.1	+ 85.6
Reebok Intl. Ltd.	307.0	66.0	+364.9	39.0	6.1	+534.0
Stride Rite Corp.	277.3	289.5	- 4.2	11.2	5.4	+106.2
Converse, Inc.	219.9	265.6	- 17.2	3.7	14.5	- 74.3
Weyenberg Manufacturing	111.5	108.4	+ 2.8	4.8	4.3	+ 11.0
R.G. Barry	95.7	120.2	- 20.4	(0.9)	0.1	--
Craddock Terry	85.0	83.4	+ 2.0	1.3	(1.8)	--
Suave Shoe Corp.	84.0	96.4	- 12.9	(5.4)	(0.3)	--
The Cherokee Group	83.6	72.4	+ 15.5	4.3	3.1	+ 39.6
Amfesco Industries, Inc.	69.5	81.9	- 15.2	18.7	10.6	--
Tony Lama Co., Inc.	67.3	78.9	- 14.8	(0.5)	2.8	--
Hyde Athletic Industries	54.7	47.3	+ 15.7	(0.5)	2.7	--
B.B. Walker Co.	39.3	42.6	- 7.7	(0.5)	0.2	--
Shaer Shoe Corp.	27.6	27.9	- 1.3	1.9	2.4	- 19.8
Daniel Green Co.	24.5	25.6	- 4.0	1.7	2.1	- 17.7
Wellco Enterprises, Inc.	13.0	10.2	+ 27.9	1.1	(2.6)	--
Penobscot Co.	11.8	12.6	- 6.3	0.3	0.4	- 22.0
Total above companies	4,827.9	4,444.8	+ 8.6	121.7	146.5	- 16.9

Note: Sales and profit figures include the companies' total operations, including the manufacture or sale of products other than footwear. For example, footwear wholesale and retail business represented 43% ($828.5 million) of 1985 total sales reported for U.S. shoe Corp., and this business was up only 2.1% compared with 1984.

Source: Footwear News, July 7, 1986.

MANUFACTURERS' OPERATIONS

Large footwear retailers, including the Brown Group and U.S. Shoe, are diversifying their operations by getting involved in manufacturing and supplying their own outlets. This parallels the trend among manufacturers to diversify their operations by getting into importing and retailing, as in the case of G.H. Bass.

Athletic Footwear Manufacturers

The U.S. sports shoe industry has grown from $1.3 billion at wholesale in 1981 to $2.2 billion in 1985 a 70% increase. According to the Sporting Goods Manufacturing Association (SGMA), athletic footwear accounts for about 19% of the domestic sporting goods industry. Profitability in 1985 for the group as a whole averaged about 3%. The star performer, Reebok, achieved a 25.4% return on sales. Reebok's sales of footwear in 1985 gained 370% over the 1984 total, reaching $307 million compared with 65.3 million in 1984. At mid-year the company was projecting total sales of $800 for 1986, as it expanded its footwear, apparel and international operations.

Reebok pioneered the aerobics shoe business and revenues from that segment grew by 260% in 1985, accounting for 42% of Reebok's total sales (compared with 55% in 1984). Their share of the total market for tennis shoes has gained, as well as for men's fitness shoes (now representing 15% of company sales). Recent successful introductions include children's athletic footwear, and basketball shoes (the single largest category in the U.S. athletic footwear market, with an estimated $750 million in annual wholesale volume).

In 1985, about 7% of all athletic shoes sold in retail outlets covered in industry research by Sports Marketing and Retail Technology, Inc. (SMART)in 1985 was classified as aerobics footwear, and Reebok held a 90% share of this market. A related category, fitness shoes, represents about 3% of the total market, and Reebok holds a 90% share of business in this category. Both aerobic shoe and fitness shoe markets are expected to expand substantially -- especially fitness walking shoes, but competition from other manufacturers is intensifying.

Reebok Sales By Product Line: 1984, 1985

	Millions of Dollars		Percent	
	1985	1984	1985	1984
Aerobics	$130.4	$ 36.1	42.5%	54.8%
Tennis	88.4	17.3	28.8	26.3
Fitness	50.0	5.4	16.3	8.2
Running	16.2	4.9	5.3	7.5
Children's	12.8	0.4	4.1	0.5
Other	9.2	1.2	3.0	2.7
Total	307.0	65.3	100.0	100.0

In September 1986, Reebok announced plans to reorganize the company into three major divisions: Apparel, Footwear and Reebok International. Later that month, Reebok International Inc. announced plans to buy closely-held Rockport Co. of Marlboro, Mass., a leading producer of shoes for fitness and walking. Reebok will now have a bigger stake in this fast-growing market, which it will augment by bringing out its own line of walking shoes, as well as multi-purpose fitness shoes. Rockport, was expected to report sales of about $105 million for 1986, compared with $64 million in 1985. The company's annual growth has averaged 43% in the last 5 years and was up 63% last year compared with 1984. It will be operated as a wholly-owned subsidiary of Reebok.

MANUFACTURERS' OPERATIONS

Athletic Footwear Manufacturers

The walking shoe market is now being targeted by a number of athletic footwear makers. The forerunners in the market -- Rockport, Clarks of England, and Lowell Shoe Co. -- face a market demanding more sophisticated styling due to competition from high-tech athletic producers such as New Balance and Nike, which are offering biomechanically-designed walking shoes. Adidas is the major exception in the move of athletic footwear manufacturers into walking shoes.

Rockport is expanding its offerings to include shoes that will combine features of walking and running shoes. The combination of Reebok and Rockport will be a dominant force in the walking shoe market.

The athletic footwear market has become increasingly segmented, and no one manufacturer can hope to dominate across the board. Competition is increasing, segment by segment, with some product types now suffering from over supply.

The overall leading athletic footwear brand is Nike, with its core business in running, basketball, tennis, football and children's shoes, plus newer offerings in golf, soccer, and walking shoes. Together with other makers, special attention is being paid to the wants and needs of women in the athletic footwear area, as an increasing number of women participate in sports and fitness activities.

Total sales of Nike footwear in the U.S., in fiscal year ended May 31, 1986, amounted to $649.5 million, representing a gain of 14.5% over the 1985 period. This followed the 11.3% decline in sales in 1985 compared with the 1984 fiscal year.

Nike Footwear Sales by Product Line, Year Ended May 31, 1985, 1986

	Millions of Dollars		Percent	
	1985	1984	1985	1984
Basketball	$212.6	$153.2	32.7%	27.0%
Running	150.0	163.6	23.1	28.8
Children's	115.4	101.0	17.8	17.8
Racquet	68.5	76.0	10.5	13.4
Fitness	54.1	13.8	8.3	2.4
Field sports	35.4	38.1	5.5	6.7
Other	13.5	21.7	2.1	3.8
Total footwear	649.5	567.4	100.0	100.0

The popularity of running and of tennis have each taken a downturn. As a result, sales of Nike running shoes in the period ending May 1986 were 8.3% below the comparable 1985 results and 37.5% lower than in 1984. Racquet shoe volume registered a drop of 9.9% compared with the fiscal year ending May 31, 1985, and were down 15.8% compared with 1984. Nike, however, is still committed to developing new products for these markets.

MANUFACTURERS' OPERATIONS

Athletic Footwear (continued)

Reebok and Nike made gains in overall sales of athletic footwear last year. However, the general softness and oversupply in the total market, plus the fast growth of Reebok, resulted in declines among other producers whose lines did not include the fastest-growing athletic shoe types. Sales of Converse, for example, totaled $219.9 million in 1985, down 17.2% compared with the 1984 total of $265.6 millioni. Return on sales dropped to 0.9% in 1985 from 9.1% in 1984. (In August 1986, Converse agreed to be acquired by Interco, St. Louis-based apparel and footwear conglomerate).

While Hyde managed a gain of 15.6%, on sales rising from $47.3 million in 1984 to $54.7 million in 1985, return on sales dropped to -2.4% compared with 9.7% in 1984.

According to SGMA, licensing of branded athletic footwear has had some effect on profitability of athletic footwear resources, but this may be short range.

Athletic footwear designed specifically for children is a growing market which established manufacturers and newcomers are actively pursuing. Reebok will introduce its Weeboks line for infants and children in the spring of '87. Nike's children's business was up 14% in the year ending May 1986. Nike will bring out more fashion features and colors, along with technical improvements. Ellesse will enter the market in the spring '87 with three different types of children's athletic footwear designed for the upscale market.

EXPENDITURES FOR R&D, TECHNOLOGICAL IMPROVEMENTS

In 1983, the FIA completed a survey of the state of the art in footwear manufacturing to identify priorities and strategies required to bolster the sagging U.S. industry in the face of imports. The study, and later analyses, concluded that the cost gap could be narrowed through the adoption of advanced technology, as well as improved management and operating systems.

Expenditures on research and development, as well as on manufacturing systems and equipment have increased substantially in recent years in terms of current dollars.

Nonrubber Footwear Producer Expenditures, 1980, 1983, 1984
(Thousands of dollars)

	1984	1983	1980	% Change 1984/1980
Research & development expends.				
Nonathletic footwear	$17,130	$14,654	$10,181	+ 68.2
Athletic footwear	4,585	2,884	842	+444.5
Technological improvements, total	26,511	15,578	10,912	+143.0
Computer-aided design & grading system	1,283	178	33	+3787.8
Cutting systems	76	0	0	
Computer-aided stitching	4,576	2,362	1,989	+130.1
Stitching room work aids	1,895	1,229	828	+128.9
Injection molding	5,445	3,308	3,136	+ 73.6
Unit bottom molding equipment	1,027	1,033	1,241	- 17.2
Other cost-saving investments	12,209	7,468	3,685	+231.3

Source: Footwear Industries of America and U.S. International Trade Commission.

ADVERTISING EXPENDITURES

According to an analysis of 10-K reports filed by publicly owned companies with the Securities & Exchange Commission, advertising expenditures represented 4.5% of the total sales of companies which are primarily in the business of manufacturing nonrubber footwear. This compares with a 3.8% share reported in a similar study for 1984, and 3.0% in 1980. Included in the figures are all expenditures classified as "advertising expense" by the reporting company, and is subject to differences in classification systems. It includes media and nonmedia advertising and production costs.

Nonrubber Footwear Industry Advertising Expenditures: 1981-1985

	Ad Dollars As % of Sales	Ad Dollars As % of Margin*	Ad Dollars Annual Growth Rate %
1985	4.5%	12.2%	4.5%
1984	3.8	10.4	7.8
1983	3.0	8.5	6.5
1982	3.0	7.9	5.9
1981	3.0	8.2	nr

nr not reported
* Margin is net sales less cost of goods sold.

Source: Pansophic Systems and Schoenfeld & Associates (Advertising Age)

MARKET SUPPLY

According to monthly reports compiled by the U.S. Bureau of the Census, in the first seven months of 1986, production of nonrubber footwear in the U.S. declined 11.1% compared with the total in the same 1985 period. The sharpest drop (-25.6%) was in athletic footwear. In the month of July, according to preliminary figures, total nonrubber footwear production was off 11.7% compared with July 1985. However, this was an improvement over the 21.1% decline registered in May, and the 18.3% decline in production in the month of June 1986.

A Department of Commerce spokesman commented that declines would probably continue for the balance of the year, possibly running at a rate of 10%. At that rate, production for the year would be 26 million to 27 million pairs below the 265 million produced last year.

Percent Change in U.S. Production of Nonrubber Footwear, January-July 1986/85

	Percent Change January-July 1986/85
Nonrubber footwear, total	- 11.1%
Men's	- 8.0
Women's	- 16.6
Juvenile	- 7.5
Athletic	- 25.6
All other nonrubber shoes	+ 22.9
Slippers	- 7.8

Source: Based on U.S. Bureau of the Census Current Industrial Reports

MARKET SUPPLY

Included in the Current Industrial Reports on footwear is an overview of the supply of footwear in the U.S. from 1971-1985. In this period, total annual new supply (or apparent consumption) increased from 802.3 million pairs to 1,096.8 million -- a gain of 36.7%. U.S. production, however, delined 50.4%, while imports were up 213.7%.

According to the latest published data on market supply, for the first six months of 1986, market supply was up 7.9%, in the face of an 11% decline in domestic production of nonrubber footwear and a 14% rise in imports. In the month of June, imports had shown a decline of 2.7%, but this was reversed in July when imports skyrocketed to the highest monthly volume in history, gaining 24.2% over the July 1985 total.

Nonrubber Footwear Supply in the U.S.,
Selected Years, 1971-1985, Jan-June 1986
(Millions of pairs)

Year	Domestic Production	Exports	Imports	Total New Supply*
Jan.-June 1986	120.9	5.9	491.5	606.5
1985	265.5	11.3	842.6	1,096.8
1982	359.1	8.9	479.5	829.7
1980	366.3	12.8	361.0	734.5
1977	418.4	5.4	360.0	773.0
1975	413.1	4.6	319.4	727.9
1973	490.0	3.6	317.2	803.6
1971	535.8	2.1	286.6	802.3

* Also referred to as "Apparent Consumption" in published reports.

Source: U.S. Bureau of the Census,
Current Industrial Reports (MA31A)

PRODUCTION

Total production of footwear of all types in the U.S. in 1985 amounted to 320.8 million pairs, down 12.3% compared with 1984. Production of nonrubber shoes and boots totaled 211.0 million pairs, 13.4% below the 1984 total; output of nonrubber slippers delcined 8.4%.

A general softness in the market for athletic footwear, and increasing imports, resulted in a 15.2% decline in production of nonrubber athletic footwear. Court shoe production registered the sharpest drop -- almost 39%, while there was a pickup in production of running/jogging shoes.

Footwear with fabric uppers, rubber or plastic soles (not including protective footwear) declined 11.8% in production in 1985 compared with 1984; output of protective footwear by U.S. producers was down 6.1%.

PRODUCTION

U.S. Production of Footwear By Type: 1983-1985
(Thousands of pairs)

	1985(p)	1984(r)	1983	% Change 1985/84	% Change 1984/83
Footwear, total (nonrubber & rubber/plastic not including protective footwear)	320,857	365,999	417,236	- 12.3%	- 12.3%
Nonrubber footwear, total	265,474	303,174	339,182	- 12.4	- 10.6
Shoes, athletic footwear, boots	211,053	243,759	281,490	- 13.4	- 13.4
Men's (except athletic)	63,859	72,273	75,617	- 11.6	- 4.4
Dress & casual shoes	37,357	43,273	47,352	- 13.7	- 8.6
Boots, dress & casual	9,569	10,238	10,639	- 6.5	- 3.8
Western style boots	6,241	7,297	7,220	- 14.5	+ 1.1
Work oxfords	3,095	3,675	17,646	- 15.8	- 79.1
Steel toes	831	882	5,642	- 5.8	- 84.4
Work boots	13,670	14,896		- 8.2	
Steel toes	3,765	4,606		- 18.3	
Type not specified	168	191	--	- 12.0	
Youths' & boys' (except athletic)	4,543	6,669	8,983	- 31.9	- 25.8
Boots	227	172	441	+ 32.0	- 61.0
Women's (except athletic)	95,697	113,282	133,684	- 15.5	- 15.3
Sandals	10,018	13,673	18,198	- 26.7	- 24.9
Dress & casual, except sandals	76,763	91,706	106,773	- 16.3	- 14.1
Uniform duty shoes	132	48	nr	+175.0	--
Boots, ankle height or higher	8,784	7,855	8,713	+ 11.8	- 9.8
Western sytle boots	571	578	nr	- 1.2	--
Misses' (except athletic)	4,399	4,880	7,676	- 9.8	- 36.4
Boots	41	91	nr	- 54.9	--
Children's (except athletic)	7,928	9,414	10,518	- 15.8	- 10.5
Boots	761	629	917	+ 21.0	- 31.4
Infants' & babies' shoes	21,082	19,886	21,451	+ 6.0	- 7.3
Athletic shoes	10,813	12,760	18,307	- 15.2	- 30.3
By type:					
Court shoes	1,140	1,862	nr	- 38.8	--
Running or jogging shoes	5,051	4,733	nr	+ 6.7	--
Cleated shoes except golf	nr	9	nr	--	--
All other	4,622	6,156	nr	- 24.9	--
By sex:					
Men's	4,633	5,796	nr	- 20.1	--
Women's	2,705	3,496	nr	- 22.6	--
Youth's, children's	3,475	3,468	nr	+ 0.2	--
All other nonrubber footwear (ballet slippers, etc.)	2,732	4,595	5,254	- 40.5	- 12.5
Slippers	54,421	59,415	57,692	- 8.4	+ 3.0
Men's, youths', boys'	7,808	9,269	9,309	- 15.8	- 0.4
Women's, misses'	42,037	44,589	42,222	- 5.7	+ 5.6
Children's, infants'	4,576	5,557	6,161	- 17.6	- 9.8

(continued)

U.S. Production of Footwear By Type: 1983-1985
(Thousands of pairs)
(continued)

	1985(p)	1984(r)	1983	% Change 1985/84	% Change 1984/83
Rubber/plastics footwear (fabric upper), total (excl. protective)	55,383	62,825	78,054	- 11.8	- 19.5
Espadrilles	899	1,263	1,287	- 28.8	- 1.9
Fabric upper cement process	4,312	5,389	7,066	- 20.0	- 23.7
All other fabric upper shoes	50,172	56,173	69,701	- 10.6	- 19.4
Vulcanized	11,294	12,617	15,536	- 10.5	- 18.8
Other, incl. injection molded	38,878	43,556	54,165	- 10.7	- 19.6

U.S. Production of Rubber & Plastic Protective Footwear: 1983-1985
(Thousands of pairs)

	1985(p)	1984(r)	1983	% Change 1985/84	% Change 1984/83
Protective footwear, total	16,453	17,518	15,459	- 6.1%	+ 13.3%
Rubber upper protective footwear	8,079	9,331	8,242	- 13.4	+ 13.2
Boots	3,989	3,560	3,514	+ 12.0	+ 1.3
Lumberman & pacs	nr	nr	nr	--	--
Artics & gaiters	1,551	2,379	1,884	- 34.8	+ 26.3
Light & heavy rubbers	nr	nr	nr	--	--
Plastic upper protective footwear	5,477	5,138	4,916	+ 6.6	+ 4.5
Slush molded	2,303	2,811	3,072	- 18.1	- 8.5
Injection molded	3,174	2,329	1,844	+ 36.2	+ 26.3
Fabric upper protective footwear/ Plastic sole	2,897	3,047	2,301	- 4.9	+ 32.4

(p) preliminary (r) revised nr not reported

Source: U.S. Bureau of the Census, Current Industrial Reports (MA31A)

Seasonal Pattern in Production

Percent of Year's Total Production of Nonrubber Footwear by U.S. Manufacturers, by Months, 1985

	Nonrubber Footwear Total*	Men's Except Athletic	Women's Except Athletic	Children's (not incl. Infants)	Athletic	Slippers
Total, thousands of pairs	211,053	62,859	95,697	7,928	10,813	54,421
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
January	8.6	8.8	8.0	8.6	11.0	8.1
February	8.2	8.5	7.6	9.2	7.7	6.7
March	8.5	8.8	7.6	8.8	8.5	7.7
April	8.3	8.6	8.0	7.2	8.6	8.6
May	9.1	9.0	8.8	9.1	9.8	10.6
June	7.5	7.6	7.1	7.9	8.8	9.6
July	7.5	6.2	8.8	8.8	6.1	7.2
August	9.1	9.0	9.8	7.5	8.8	9.7
September	8.4	8.2	8.9	7.4	7.2	8.8
October	9.2	9.7	9.5	8.4	8.4	9.8
November	7.9	8.2	7.9	7.7	7.4	8.2
December	7.6	7.2	7.9	9.5	7.5	4.9

* Includes other nonrubber footwear not separately reported.

Source: Based on U.S. Bureau of the Census, Current Industrial Reports.

PRODUCTION

Leading States

Pennsylvania is the leading state in the production of nonrubber footwear in the U.S., accounting for 14% of the total in 1985. In second place is the State of Missouri with a 12% share, followed by Maine, which accounted for 9.6% of production last year.

Among the leaders, Maine registered the sharpest drop in footwear output, registering a decline of almost 26% compared with 1984. Production in Pennsylvania was off 4.7%, and in Missouri, 10.3%.

Production of Nonrubber Footwear in Leading States: 1984, 1985
(Thousands of pairs)

	1985	1984	% Change 1985/1984
U.S. total*	265,474	303,174	- 12.4%
Arkansas	12,247	11,915	+ 2.8
California	4,748	7,027	- 32.4
Florida	12,262	12,577	- 2.5
Georgia	2,760	3,680	- 25.0
Illinois	4,855	5,113	- 5.0
Maine	25,424	34,194	- 25.6
Massachusetts	17,472	18,472	- 5.4
Missouri	31,985	35,660	- 10.3
New Hampshire	8,797	11,502	- 23.5
New York	15,157	20,665	- 26.6
North Carolina	5,356	6,644	- 19.4
Pennsylvania	36,746	38,552	- 4.7
Tennessee	15,712	21,098	- 25.5
Texas	17,806	15,961	+ 11.6
Wisconsin	7,007	7,430	- 5.7

* Includes states not separately listed.

Source: U.S. Bureau of the Census,
Current Industrial Reports MA31A

Materials

The footwear industry is the U.S. tanning industry's largest market, consuming about 60% of 1985 leather shipments. While the percent of all nonrubber footwear production in the U.S. which have leather uppers remained unchanged at about 55%, in 1985, the quantity of leather produced for footwear production delined along with the drop in footwear output. Consumption of sole leather was down about 20% according to the International Trade Administration.

Use of leather for uppers accounted for a larger share of total output of some classifications of shoes/boots in 1985, particularly in athletic footwear. Consumer demand for soft-leather-upper athletic footwear, for aerobics and other wear, is reflected in the gain in the percent of athletic footwear with leather uppers from 46.4% in 1983 to almost 53% in 1985.

PRODUCTION

Materials (continued)

U.S. Nonrubber Footwear Production By Materials In Uppers: 1982, 1983, 1985
(Shoes, Boots, Slippers)

	1985		1983		1982	
	Mil. Pairs	%	Mil. Pairs	%	Mil. Pairs	%
Total production	265.5	100.0	336.2	100.0	359.1	100.0
Type of upper:						
Leather	145.3	54.7	187.1	55.2	196.3	54.7
Plastic (vinyl)	58.6	22.1	74.6	22.0	87.3	24.3
Other	61.6	23.2	77.5	22.6	75.5	21.0

Source: Based on U.S. Bureau of the Census reports

Share of U.S. Production of Selected Types of Nonrubber Shoes & Boots Which Have Leather Uppers: 1982, 1983, 1985

	Percent of Total Production of Each Type		
	1985	1983	1982
Shoes & boots with leather uppers*	67.2%	65.3%	63.1%
Men's (except athletic)	93.2	90.2	89.9
Women's (except athletic)	58.3	56.7	54.6
Athletic	52.6	46.4	43.4

* Includes types not separately listed (children's, youths', etc.) but not slippers.

Source: Based on U.S. Bureau of the Census reports

The total apparent consumption (or total supply) of footwear in the U.S., including domestic supply and imports, confirms the increase in footwear with leather uppers -- particularly due to imports of aerobic footwear which has been garnering an expanding share of the U.S. market at the expense of fabric-upper, rubber or plastic sole footwear.

Total U.S. Apparent Consumption of Footwear
By Major Material Type, 1982, 1983, 1985
(Pairs are in millions)

	1985		1983		1982	
	Pairs	%	Pairs	%	Pairs	%
Total footwear	1,264.9	100.0	1,119.9	100.0	1,045.0	100.0
Shoes & slippers (nonrubber)	1,096.7	86.7	911.9	81.4	829.8	79.4
Leather footwear	583.9	46.2	453.4	40.5	407.2	39.0
Plastic footwear	512.8	40.5	259.7	23.2	260.8	25.0
All other			198.7	17.7	161.7	15.5
Footwear with rubber or plastic soles, fabric uppers	139.3	11.0	179.5	16.0	190.6	18.2
Rubber & plastic protective footwear	28.9	2.3	28.5	2.5	24.6	2.4

Source: U.S. Bureau of the Census, Current Industrial Reports

PRODUCT SHIPMENTS

In contrast with "industry shipments", which have been covered in the section on GENERAL INDUSTRY STATISTICS, and defined on page 4, product shipments cover the value of specific products made by all manufacturers with payroll, including those classified in the footwear industry (which are primarily producers) and those classified in other industries which are secondary producers.

The complete census of manufactures compiled every five years by the U.S. Bureau of the Census includes information on product shipments by all U.S. manufacturers with payroll. The most recent census data is for the year 1983. Comparable figures for intercensal periods are compiled by the Census Bureau through annual surveys among a sample of manufacturers in the U.S. Based on both reports, the U.S. International Trade Administration compiles annual estimates and projections, published in the annual Industrial Outlook, in terms of current and constant dollars.

In addition to the above, the U.S. Census Bureau issues monthly and annual reports on production and shipments of footwear based on all manufacturers of nonrubber and rubber/plastics footwear in the U.S. and including footwear cut in the U.S., shipped to a foreign country for assembly, then shipped back to the U.S. under the special imports category referred to as 807 (part of the Tariff Schedules of the United States). These reports are in the Census Bureau's Current Industrial Reports series. They provide greater product detail than available from the USITA and Annual Survey of Manufactures reports.

Trends in Product Shipments & Total Supply in the Nonrubber Footwear Industry

	Compound Annual Rate of Growth		Percent Change (e)	
	1972 1982	1977- 1982	1985/ 1984	1986/ 1985
Nonrubber footwear				
Value of shipments				
Current dollars				
Total value	+ 4.6%	+ 5.8%	- 16.3%	--
House slippers	+ 5.2	+ 6.9	- 6.3	--
Men's footwear	+ 5.3	+ 4.4	- 10.9	--
Women's footwear	+ 4.0	+ 7.5	- 24.6	--
Footwear nec (athletic, etc.)	+ 4.3	+ 4.9	- 13.0	--
Constant 1982$				
Total value	- 2.6	- 2.2	- 17.2	- 3.8%
House slippers	- 1.5	0.0	- 7.3	- 2.0
Men's footwear	- 3.1	- 3.9	- 12.4	- 2.0
Women's footwear	- 2.6	- 0.9	- 24.8	- 5.0
Footwear nec	- 1.6	- 1.4	- 14.4	- 6.9
Quality shipped, total	- 4.4	- 3.7	- 16.6	- 3.9
House slippers	- 4.6	- 4.5	- 7.3	- 2.0
Men's footwear	- 4.4	- 6.0	- 12.5	- 1.6
Women's footwear	- 4.1	- 1.4	- 24.8	- 4.5
Footwear nec (athletic, etc.)	- 4.8	- 4.4	- 14.3	- 7.4
Supply				
Value of imports	+16.8	+21.1	+ 11.4	--
Import/new supply ratio*	+ 8.4	+ 9.8	+ 14.0	--
Quantity of imports	+ 4.9	+ 5.4	+ 11.6	--
Value of exports	+26.5	+23.5	+ 7.7	--
Export/shipment ratio	+20.9	+16.8	+ 28.7	--
Quantity of exports	+14.5	+10.5	+ 29.2	--

(e) estimated
* New supply is the sum of the value of product shipments plus imports.

Source: U.S. Department of Commerce: Bureau of the Census, Bureau of Economic Analysis, International Trade Administration

Value of Footwear Shipments By U.S. Producers, 1982-1984
(Millions of dollars)

	1984	1983	1982	% Change 1984/1982
Footwear, total	$5,136.5	$5,597.7	$5,615.0	- 8.5%
Nonrubber footwear	4,575.9	4,972.4	4,952.4	- 7.6
House slippers	225.2	241.3	265.3	- 15.1
Men's, except athletic	2,021.5	2,034.4	1,971.2	+ 2.5
Work shoes, boots	540.7	544.3	565.5	- 4.4
Dress & casual boots	446.1	424.4	446.1	0
Dress & casual shoes	1,003.8	1,037.8	940.0	+ 6.8
Type not specified	31.0	27.8	19.6	+ 58.2
Women's, except athletic	1,660.1	1,979.2	1,994.1	- 16.7
Boots	187.3	240.9	219.2	- 14.5
Sandals	149.9	215.5	225.9	- 33.6
Dress shoes	586.4	637.9	649.0	- 9.6
Other shoes	698.1	815.3	860.8	- 18.9
Type not specified	38.4	69.6	39.2	- 2.0
Youths' & boys'	58.2	81.1	89.2	- 34.7
Infants' & babies'	126.8	127.5	121.1	+ 4.7
Children's shoes	124.8	135.8	137.3	- 9.1
Misses' shoes	58.5	64.5	77.3	- 24.3
Athletic & other footwear, nec	244.9	274.6	257.2	- 12.5
Type not specified	75.9	34.0	39.7	+ 91.1
Rubber/plastics footwear:				
Protective footwear	152.7	136.9	121.8	+ 25.4
Shoes with rubber or plastic soles, fabric uppers	397.7	484.1	536.1	- 25.8
Type not specified	10.2	4.3	4.7	+117.0

Note: Covers value at the plant. Shipping charges are not included.

nec not elsewhere classified

Source: U.S. Bureau of the Census: 1982 Census of Manufactures, Annual Survey of Manufactures

Based on a survey of all known manufacturers of footwear in the U.S. (approximately 475 firms) and estimates from small producers based on 1982 Census of Manufactures data, the Census Bureau has issued figures on footwear shipments in 1985 compared with 1984. As previously noted, the figures include footwear produced under the 807 provisions of the Tariff Schedules.

The estimated value of shipments of nonrubber footwear in 1984 is somewhat lower in the Census Bureau's CIR ($4,426.1 million) than the total reported in the Annual Survey of Manufactures ($4,972.4 million). However, figures for rubber/plastics footwear are higher.

PRODUCT SHIPMENTS

Quantity & Value of Shipments of Footwear By All Producers, 1984, 1985
By Type of Footwear

	Pairs (thous.)		Value (mil. $)		% Change 1985/84	
	1985	1984	1985	1984	Pairs	Value
Footwear, incl. rubber/plastic as well as nonrubber, total	346.8	391.1	—	—	- 11.3%	—
Nonrubber footwear, total	272.9	309.2	$3,956.2	$4,426.1	- 11.7	- 10.6%
Shoes & boots (excl. slippers)	218.1	249.0	3,745.8	4,209.3	- 12.4	- 11.0
Men's, except athletic	64.3	72.6	1,810.0	1,979.5	- 11.4	- 8.6
Dress & casual	38.8	43.6	910.9	1,003.6	- 11.1	- 9.2
Boots (dress & casual, including Western)	8.9	9.8	408.9	442.6	- 9.2	- 7.6
Workshoes & boots	16.6	19.2	490.2	533.3	- 13.5	- 8.1
Youths' & boys', except athletic	4.4	6.2	45.7	66.1	- 29.0	- 30.9
Women's, except athletic	98.7	115.2	1,473.2	1,634.4	- 14.3	- 9.9
Sandals	10.6	15.4	132.7	154.3	- 31.4	- 14.0
Dress & casual, except sandals	79.2	92.4	1,163.5	1,298.0	- 14.4	- 10.4
Boots, ankle height or higher	8.9	7.4	176.9	182.1	+ 21.2	- 2.8
Misses', except athletic	4.4	4.8	50.3	61.4	- 7.2	- 18.1
Children's, except athletic	9.3	10.5	84.5	113.0	- 10.8	- 25.2
Infants' & babies'	23.8	21.9	112.6	135.2	+ 8.6	- 16.7
Athletic footwear	10.8	12.7	16.5	33.5	- 14.9	- 50.7
All other nonrubber shoes	2.3	5.1	16.5	33.5	- 54.9	- 50.7
Slippers	54.8	60.2	210.4	216.7	- 8.9	- 2.9
Men's, youths', boys'	8.0	9.5	39.6	41.5	- 16.0	- 4.6
Women's & misses'	42.2	44.7	159.7	44.7	- 5.7	-257.3
Children's, infants', babies'	4.6	5.9	11.1	12.8	- 22.1	- 13.3
Rubber/plastic footwear						
Rubber/plastic soles/fabric uppers, total	56.7	65.0	385.9	416.7	- 12.7	- 7.4
Espadrilles	.9	1.3	7.7	11.3	- 29.6	- 32.0
Protective footwear	17.2	16.9	156.8	153.9	+ 1.3	+ 1.9
Rubber upper	8.6	8.7	94.9	95.2	- 1.0	- 0.3
Plastic upper	5.5	5.2	30.6	29.2	+ 6.8	+ 4.9
Fabric upper	3.0	3.0	31.3	29.5	- 0	+ 6.1

Source: U.S. Bureau of the Census,
Current Industrial Reports (MA31A).

PRODUCER (FACTORY) PRICES

The average wholesale price of footwear made in the U.S. increased from $2.42 in 1945 to an estimated $13.35 in 1985, according to an analysis by Footwear News (October 6, 1985). Most of the gain was in the period marked by sharp inflation, 1973-1982. In that nine-year span, the average wholesale price for domestic footwear rose 117% (while shoe factory wages were up 89%).

When imports entered the picture around 1968, the combined average price of imports plus domestics dropped about 15% in the 1968-1985 period, while domestic factory prices, alone were up 183% (from $4.71 to $13.35).

PRODUCER (FACTORY) PRICES

Based on data submitted in response to questionnaires, the U.S. International Trade Commission (USITA) compiled information on wholesale prices of specified types of footwear sold to different types of retail outlets, domestic vs. imports. Following is information reported on leather dress and casual shoes for men and for women.

Percent of Total Wholesale Sales of Footwear To Specified Oultet Types By Price Line & The Percent Represented By Domestic Footwear At Each Price

	Wholesale Sales To Each Type of Oultet					
	To Independent Shoe Stores & Department Stores		To Chain Shoe Stores		To Self-Service Shoe Stores & Discount Chains	
	Col. A	Col. B	Col. A	Col. B	Col. A	Col. B
Men's:						
Leather dress & casual shoes, total	100.0%	84.8%	100.0%	56.4%	100.0%	30.4%
Under $18 (wholesale)	19.6	73.3	67.8	53.0	95.5	30.7
$18.01 - $25.00	34.2	91.9	25.6	60.0	3.2	70.9
$25.00 - $38.00	34.4	86.1	6.1	78.4	1.3	35.1
Over $38.00	11.8	79.6	0.5	64.9	—	—
Women's:						
Leather dress & casual shoes, total	100.0	37.3	100.0	43.3	100.0	41.6
Under $14 (wholesale)	12.8	36.0	85.0	38.9	97.5	42.1
$14.00 - $24.00	71.7	41.5	12.8	69.4	1.9	26.9
$24.00 & over	15.5	18.9	2.2	60.0	0.6	—

Col. A: The percentage distribution of total reported sales to stores by wholesale price.
Col. B: The percent of the total in each price bracket represented by domestic footwear.

Source: USITA survey: FIA Footwear Manual (1985)

Producer Price Indexes: 1984, 1985
(1967 = 100)

	1985	1984	% Change 1985/84
All leather	352.9	372.2	- 5.2%
Cattle hide leather	354.6	370.4	- 4.3
Nonrubber footwear	256.8	251.2	+ 2.2
Men's	296.9	290.1	+ 2.3
Women's	231.2	225.3	+ 2.6
Children's	218.3	214.3	+ 1.9

Source: U.S. Bureau of Labor Statistics

PRODUCER (FACTORY) PRICES

Producer (Factory) Price Indexes on Footwear

	Base Period (Equal to 100)	Index for May 1986	Index for May 1985(r)	Annual Average 1984
Footwear, total	1967	261.8	253.9	251.7
Men's leather upper footwear	1967	304.8	290.5	291.6
Dress & casual shoes	12/80	112.6	104.5	107.9
Boots	12/80	117.1	115.1	111.3
Work shoes, work boots	12/80	123.8	118.5	114.1
Other leather upper footwear	12/80	121.0	114.7	119.0
Men's plastic upper footwear	12/80	106.7	101.3	105.3
Women's leather upper footwear	1967	224.3	224.5	219.2
Dress shoes	12/80	113.6	112.1	108.7
Casual shoes	12/80	107.9	106.0	100.4
House slippers	6/85	106.4	nr	nr
Sandals	12/80	75.2	80.1	nr
Boots	12/80	105.7	nr	110.6
Other leather upper footwear	12/80	131.1	125.6	121.8
Women's plastic upper footwear	12/80	104.0	103.9	102.9
Dress shoes	12/80	106.6	106.3	107.4
Casual shoes	12/80	109.0	108.7	107.8
Sandals	12/80	80.4	83.1	75.4
Children's footwear	1967	219.6	215.5	214.3
Leather upper footwear	6/80	121.7	118.1	117.0
Misses' footwear	6/80	104.1	103.7	102.8
Leather upper	6/80	104.4	104.2	103.1
Non-leather upper	6/80	103.5	nr	nr
Youths', boys' footwear	6/80	120.0	nr	nr
Infants', babies' footwear	6/80	116.9	116.4	115.4
Athletic footwear	6/80	107.0	105.2	nr
Rubber/plastics footwear	1967	249.5	216.2	227.4
Protective footwear	12/80	124.5	121.4	117.0
Fabric upper				
Men's	12/80	108.8	90.7	97.8
Women's, misses'	12/80	146.3	106.8	112.3

nr not reported
(r) revised

Source: U.S. Bureau of Labor Statistics.

FOREIGN TRADE

In August 1985, after President Reagan rejected the recommendation of the U.S. International Trade Commission that import quotas be imposed on nonrubber footwear the industry joined forces with the U.S. textile and apparel firms which were also actively fighting for quota restrictions. In December 1985, however, the President vetoed the Textile and Apparel Trade Enforcement Act which had included a provision for quotas on nonrubber footwear imports. Specifically, the proposed bill would have slashed imports to 60% of domestic consumption from their current share estimated at 81%. The impact on more expensive shoes would have been even greater, cutting the import share to only 44.6% of the U.S. market.

Attempts by the footwear industry, allied with domestic textiles and apparel producers, to have Congress override the veto failed in August 1986 in the face of arguments that the bill would mandate a destructive trade policy and have a widespread detrimental effect on U.S. trade. The Footwear Retailers of America (FRA) campaigned against the quota bill on the grounds that it would cause a great increase in the cost of footwear to the American consumer, as well as have an adverse impact on U.S. trade as a whole.

The administration favored reliance on tariffs or on quota arrangements negotiated with individual trading patterns rather than legal mandates governing quotas. Higher tariffs have been placed (as of April 1, 1986) on leather footwear from Japan, which is, however, a small part of their total footwear shipments to the U.S. The Reagan Administration has also threatened to put a stiff duty on nonrubber footwear imports from Brazil.

The drop in the value of the U.S. dollar, which is making footwear made abroad more expensive, may help stem the tide of imports. Indeed, in June 1986 imports registered a decline for the first time in a year, inching down 2.7% in quantity compared with the same month last year. In the first four months of 1986, U.S. imports of footwear from France dropped 31% in value compared with the same 1985 period ($26 million vs. $37.8 million). In quantity, exports dropped from 1.7 million to 1.6 million. However, in July 1985 total imports increased sharply, reaching a record monthly total.

U.S. importers who have concentrated their overseas sourcing in Europe are facing sharp price increases due to the lower value of the dollar, as well as those relying on such major foreign suppliers as Taiwan and Brazil. Some importers have cut back on shipments of French, Italian and Spanish shoes or shifted to lower price lines; others are shifting purchases to the Far Eastern sources that still offer competitive prices.

Spanish and Italian producers are for their part shaving markons to absorb some of the effects of the weaker dollar, while maintaining quality to hold on to their U.S. customers in the face of competition from Brazil and Taiwan (which are, however, also raising prices).

Exporters of footwear, on the other hand, hope to be helped by the decline in the value of the U.S. dollar which makes our footwear less expensive for foreign consumers. Another help may be in the fact that Canada has lifted nearly all of its shoe import quotas. U.S. branded firms hope to benefit, although Canada still levies a 23% tariff on footwear imports.

U.S. Foreign Trade in Footwear, 1983-1985

	Imports (in millions)			% Change	Exports (in millions)			% Change
	1985	1984	1983	1985/84	1985	1984	1983	1985/84
Footwear, total								
Quantity	1,143.7	1,047.7	855.0	+ 9%	12.5	10.3	9.0	+ 22%
Value	$5,964.6	5,246.5	4,007.3	+14	198.5	187.4	102.2	+ 6
Rubber/plastic:								
Quantity	114.5	141.3	132.3	-19	1.2	1.4	1.5	- 15
Value	260.4	356.0	331.1	-27	11.0	12.9	12.2	- 14
Nonrubber footwear:								
Quantity	842.7	725.9	581.9	+16	11.3	8.9	7.5	+ 27
Value	$5,425.7	4,651.4	3,661.9	+17	99.9	98.5	90.0	+ 1

Note: Import values are the Customs values which represent the value of imports as appraised by the U.S. Customs Service. This is generally defined as the price actually paid or payable, excluding import duties, freight, insurance and other charges involved in shipping to the U.S. The export values are f.a.s. value (free alongside ship), U.S. port of export.

Source: U.S. International Trade Commission (Publication 1864)

Imports

In terms of pairs, in the first six months of 1986, imports accounted for 81.0% of the new supply of nonrubber footwear in the U.S. After dipping in June for the first time in a year (-2.7%), footwear imports skyrocketed 24.2% in July to the highest monthly volume in history. If the present rate continues, 1986 imports of nonrubber footwear could produce an overall total nearing one billion pairs, a new record.

Import figures, of course, include footwear sourced abroad by U.S. producers, including both shipments from U.S.-owned plants and other. Another factor in imports are the 807 operations. This is footwear cut in the U.S., sent outside the country to be assembled, then returned to the U.S. under 807 of the Tariff Schedules. For the first time, in the annual report on Footwear (Current Industrial Reports) covering 1985, issued by the Census Bureau, the value of 807 operations is separately reported, as well as included (by its components) in data on domestic output, imports and exports.

Census Bureau data for 1985 is summarized in the following table. It will be noted that the value of imports (unlike the preceding table) is the c.i.f. value, explained in the footnote.

FOREIGN TRADE

Imports

Production, Exports, Imports & Apparent Consumption of Footwear, 1985

	Mfrs. Shipments	Exports of U.S. Footwear	807 Imports	Total Imports*	Apparent Consumption Total	Imports % To Total
QUANTITY (mils. of pairs)						
Footwear, total	337,310	12,519	25,999	940,156	1,266,947	74.3%
Nonrubber footwear						
Shoes & slippers	265,474	11,319	4,994	842,549	1,096,704	76.8
Leather footwear	145,300	2,069	3,970	440,701	583.9	75.5
All other footwear	120,174	9,250	1,024	401,848	512,772	78.4
Footwear with rubber or plastic soles, fabric uppers	55,383	808	20,060	84,760	139,335	60.8
Rubber/plastic protective footwear	16,453	392	245	12,847	28,908	44.4
			U.S. content	Total		
VALUE (mils. of $)						
Footwear, total	$4,499.9	$110.9	$ 35.2	$94.3**	6,658.6**	11,046.7	60.3
Nonrubber footwear						
Shoes & slippers	3,956.3	99.9	10.9	60.6	6,275.7	10,132.1	61.9
Leather footwear	na	33.7	9.5	51.9	4,655.2	na	na
All other footwear	na	66.2	1.4	8.7	1,620.5	na	na
Footwear with rubber or plastic soles, fabric uppers	385.9	8.4	24.1	31.6	288.1	665.6	43.3
Rubber/plastic protective footwear	156.8	2.6	0.2	2.1	94.8	249.0	38.1

na not available
* Imports for consumption in the U.S.
**Represents the c.i.f. value which includes cost, insurance and freight at first port of entry in the U.S., plus U.S. import duties. The total value of 807 imports includes the value of the U.S. fabricated components and foreign processing.

Total: U.S. Bureau of the Census, Current Industrial Reports (MA31A)

For the year 1985, imports of footwear into the U.S. in the nonrubber classification increased 16% in quantity and 17% in value compared with 1984. Imports of footwear with fabric uppers and plastic or rubber soles were down, however, due to a drop in demand and competition from soft-leather upper footwear with rubber or plastic soles. Imports in this classification in 1986 were 19% below 1984's total in quantity and 27% in value.

FOREIGN TRADE

Imports

Imports By Type of Footwear & Average Value, 1984, 1985

	Millions of Pairs		% Change	Average Value Per Pair	
	1985	1984	1985/84	1985	1984
Nonrubber footwear, total	842.7	725.9	+ 16.1	$ 6.44	$ 6.41
Men's	108.8	109.5	- 0.6	8.05	7.75
Youth's & boys'	14.5	11.3	+ 28.0	4.75	5.24
Women's	430.7	384.2	+ 12.1	6.33	6.37
Misses'	22.9	19.3	+ 18.7	3.05	3.36
Children's	35.5	34.5	+ 2.9	2.92	3.23
Infants'	25.8	20.8	+ 24.1	1.93	2.02
Athletic	175.0	121.6	+ 43.9	7.84	7.62
Work	10.3	9.1	+ 12.2	11.85	11.68
Slippers & other	19.2	15.6	+ 23.0	2.10	2.61
Rubber, plastic, total	114.5	141.3	- 19.0	6.44	6.41

Source: Footwear Industries of America
& U.S. Bureau of the Census

All of the major foreign suppliers stepped up their shipments of nonrubber footwear to the U.S. market last year. Imports from Taiwan increased by 21% over 1984 in terms of pairs, and were valued at $1.8 billion -- more than 30% of the total for 1985 represented by nonrubber footwear imports. Other leading suppliers in 1985 were South Korea, the European Community and Brazil. Combined, the four leading suppliers accounted for 82% of shipments to the U.S. in 1985.

The biggest share of the U.S. market in terms of type of footwear which is accounted for by imports is in athletic footwear. No U.S. athletic shoe company is purely a domestic producer. Nike Inc. is reported to import 90% of its footwear, and all of Reebok's footwear is sourced abroad. Some types of athletic footwear, particularly the soft leather aerobic shoes, which have registered a sharp growth in demand, cannot be efficiently made in the U.S. South Korea is the leading resource for quality athletic footwear.

Manufacturers of other types of footwear, too, have found it more economical to source their footwear abroad. In 1984 a total of 30% of U.S. imports were made abroad by domestic footwear manufacturers in order to supplement their lines with price-competitive items according to a report by specialists in business information (SBI).

Imports' Share of U.S. Market Supply by Type of Footwear, 1984, 1985
(Supply in millions of pairs)

	1985	1984	% Change 1985/84
Nonrubber footwear:			
Men's (excluding work shoes)			
Supply	158.3	162.2	- 2.4%
Import penetration %	68.7%	67.5%	+ 1.2
Youths', boys'			
Supply	18.4	17.9	+ 3.0
Import penetration %	78.9%	63.5%	+15.4

(continued)

FOREIGN TRADE

Imports (continued)

Imports' Share of U.S. Market Supply by Type of Footwear, 1984, 1985
(Supply in millions of pairs)
(continued)

	1985	1984	% Change 1985/84
Women's			
Supply	528.5	498.7	+ 6.0
Import penetration%	81.5%	77.0%	+ 4.5
Misses			
Supply	28.4	24.8	+14.5
Import penetration %	80.9%	78.0%	+ 2.9
Children's			
Supply	43.0	44.7	- 3.8
Import penetration%	82.6%	77.2%	+ 5.4
Infant's			
Supply	47.2	40.5	+16.7
Import penetration%	54.7%	51.4%	+ 3.3
Athletic footwear			
Supply	182.7	135.5	+35.8
Import penetration %	95.8%	89.7%	+ 5.5
Work shoes, boots			
Supply	25.7	28.4	-11.1
Import penetration%	40.0%	31.9%	+ 8.4
Slippers & other footwear			
Supply	76.8	75.7	+ 1.4
Import penetration%	25.0%	20.8%	+ 4.2

Source: Footwear Industries of America based on U.S. Bureau of the Census reports

Exports

In 1985, aided by the weaker dollar which made U.S. products less expensive in countries with a changed rate of exchange, U.S. exports of nonrubber footwear increased 27%, rising from 8.9 million pairs in 1984 to 11.3 million in 1985. This was the highest level reached since 1980, when a record 12.8 million pairs were shipped out of the U.S. Value, however, slipped slightly (-0.4%).

The value of U.S. exports of all types of footwear reached $110.9 million in 1985, and shipments went to 90 countries. Japan accounted for almost a third of the total quantity, mostly athletic footwear exempt from Japan's quotas which are applied to leather footwear imports. Other leading importers of U.S. footwear include Mexico (primarily slippers), Italy and Canada.

FOREIGN TRADE

Exports

Quantity & Value of U.S.Footwear Exports: 1984, 1985
(Quantity in thousands of pairs; value in millions of dollars)

	Quantity		% Change	Value		% Change
	1984	1983	1985/84	1985	1984	1985/84
Total footwear	12,519	10,302	+21.5%	$110.9	$111.4	- 0.4%
Nonrubber footwear:						
Shoes & slippers	11,319	8,886	+27.4	99.9	98.5	+ 1.4
Leather	2,069	2,009	+ 3.0	33.7	35.3	- 4.5
Other	9,250	6,877	+34.5	66.2	63.2	+ 4.7
Footwear with rubber or plastic soles/fabric uppers	808	1,120	-27.9	8.4	10.2	- 17.6
Rubber/platic protective footwear	392	296	+32.4	2.6	2.7	- 3.7

Source: U.S. Bureau of the Census, Current Industrial Reports

AT THE RETAIL LEVEL

RETAIL TRADE

Size of the Consumer Market

Population Projections - 1986, 1994, 2005
(Middle Series*)

	Number (Thousands)			% Change	Percent Distribution		
	1986	1994	2005	2005/1986	1986	1994	2005
MALE							
Total, all ages	117,226	125,464	134,297	+ 14.6%	100.0%	100.0%	100.0%
Under 5 years	9,557	9,635	8,931	- 6.5	8.2	7.7	6.6
5 to 9 years	8,739	9,866	9,094	+ 4.1	7.4	7.9	6.8
10 to 15 years	10,226	11,245	11,698	+ 14.4	8.7	9.0	8.7
16 years & over	88,701	94,718	104,574	+ 17.9	75.7	75.4	77.9
16 - 19	7,479	6,712	8,058	+ 7.7	6.4	5.3	6.0
20 - 34	31,761	29,725	27,416	- 13.7	27.1	23.7	20.4
35 - 54	27,446	35,187	40,769	+ 48.5	23.4	28.0	30.4
55 - 64	10,303	9,793	14,060	+ 36.5	8.8	7.8	10.5
65 & over	11,712	13,300	14,271	+ 21.8	10.0	10.6	10.6
Median age (years)	30.5	33.0	36.0	+ 18.0	--	--	--
FEMALE							
Total, all ages	123,631	132,251	141,381	+ 14.4%	100.0%	100.0%	100.0%
Under 5 years	9,117	9,183	8,518	- 6.6	7.4	6.9	6.0
5 to 9 years	8,350	9,415	8,678	+ 3.9	6.7	7.1	6.1
10 to 15 years	9,772	10,745	11,167	+ 14.3	7.9	8.1	7.0
16 years & over	96,390	102,903	113,018	+ 17.2	78.0	77.9	80.0
16 - 19	7,180	6,426	7,707	+ 7.3	5.8	4.9	5.5
20 - 34	31,353	29,068	26,706	- 14.8	25.4	22.0	18.9
35 - 54	28,564	36,202	41,249	+ 44.4	23.1	27.4	29.2
55 - 64	11,740	11.002	15,399	+ 31.2	9.5	8.3	10.9
65 & over	17,553	20,205	21,957	+ 25.1	14.2	15.3	15.5
Median age (years)	33.0	35.6	39.2	+ 18.8	--	--	--

* Middle in a series of three projections based on different assumptions regarding future birth rates, immigration and mortality rates.

Source: U.S. Bureau of the Census, Current Population Reports
Series P-25, No. 952 (May 1984)

RETAIL TRADE

According to the U.S. Department of Commerce, in the first five months of 1986 per capita consumption of footwear in the U.S., was running at 4.8 pairs per year. This compares with 4.6 pairs in 1985; 4.3 in 1984; 3.9 in 1983; 3.6 in 1982; 3.2 in 1981; and 3.3 in 1980. The 1963-1983 average per capita consumption of footwear was 3.7 pairs a year. The current 1986 rate, if it is maintained,will set a new record high.

Athletic Footwear Market

About 70% of the increase in per capita shoe consumption this year can be traced to aerobic-style footwear, according to the Commerce Department. This shoe type has taken about 30% of the market once controlled by rubber and canvas sneakers. Demand continues to grow as suppliers bring out new styles and colors, and participation in fitness activities continues to gain.

The rapid growth in the athletic footwear market in recent years has been due mainly to an expanding populario of affluent young adults interested in fitness. While some segments of this market have been slowing down -- notably running and tennis -- growth areas are seen among people taking up walking and bicycling or getting into aerobics to keep fit. The industry is also reaching out to a much younger market, offering children's sized athletic footwear in many styles.

Participation of Adults in the U.S. in Selected Sports
In Past 12 Months: 1985, 1982

	1985	1982
Bicycling	31%	27%
Bowling	23	24
Running/jogging	23	nr
Basketball	14	18
Golf	12	8
Tennis	12	14
Baseball	12	14

Source: The Gallup Organization Inc. (1986)

Surveys conducted by the National Sporting Goods Association (NSGA) (reported in SportStyle, September 8, 1986) show increased participation in sports requiring special footwear. Included in the top 10 were exercise, walking and calisthenics.

The market surveyed by NSCA, mainly of sporting goods stores, accounted for an estimated $2.6 billion in athletic footwear sales at retail last year. Aerobic shoes showed the greatest increase (+205%) but unit sales of gym shoes/ sneakers were found to be six times higher than aerobic shoes, or more than 30 millioni. Tennis show sales increased 26% to 18.7 million units, staying only marginally ahead of running shoes, which fell off 9%. Other growth areas including basketball shoes at about 5.5 and 4 million units, respectively.

Athletic Footwear Market (continued)

A market analysis by Reebok included an estimate that branded athletic footwear accounts for about $4.0 billion at retail annually. In discussing the aerobic footwear market specifically, Reebok finds that currently only 40% of aerobic exercisers are wearing aerobic shoes, leaving a potential market of 14.2 million exercisers.

Women have become an increasingly important factor in the athletic footwear market -- particularly because of the demand for aerobic shoes. The National Sporting Goods Association estimates the total value of sales of aerobic footwear reached $53.9 million (1.9 million pairs) in 1984, and women accounted for 92% of this market. They are making up a large segment of the growing market for fitness/walking shoes.

Women account for a higher proportion of the people who buy athletic footwear primarily for comfort, fashion and to have the "active look." They generally look for shoes that will serve more than one purpose and are reported by retailers to be generally more price-conscious than men are in buying athletic footwear.

Consumer Expenditures For Footwear

In 1985, according to the Bureau of Economic Analysis, the total retail value of footwear reaching the consumer through any channel (including direct sales by manufacturers and wholesalers, street venders, etc.) amounted to $22,158 million, gaining 5.0% over the 1984 total. On a constant dollar basis, eliminating inflation, the value of consumer spending for footwear rose 3.7%. In 1984, spending for footwear (current dollars) gained 7.6%; and in terms of constant dollars, the gain was 6.3%. The compound rate of gain in constant dollar spending for footwear in the past five years has averaged about 3%.

Personal Consumption Expenditures For Footwear, 1983-1985
(Millions of dollars)

	1985	1984	1983
Footwear, total			
Current dollars	$22,854	$21,762	$20,224
Current (1982$)	22,158	21,370	20,107

Source: National Income & Wealth Division
Bureau of Economic Analysis, U.S. Dept. of Commerce

Based on trade sources, the following estimates have been made by the Fairchild Market Research Department breaking down footwear personal consumption expenditures by major classifications:

	Estimated Expenditures (millions of $)	
	1985	1983
Footwear, total	$22,854	$20,224
Men's	8,067	7,543
Women's	12,295	10,395
Boys', girls', infants'	2,492	2,286

Consumer Expenditures For Footwear (continued)

An ongoing Consumer Expenditure Survey is conducted by the Bureau of Labor Statistics, U.S. Department of Labor. The survey covers urban consumers and consists of two components, each with its own questionnaire and sample: 1) a quarterly Interview survey in which each consumer unit (household) in the sample is visited by an interviewer every 3 months over a 12-month period. and 2) a Diary survey completed by participants in the survey covering all spending for frequently purchased items (food, etc.) in a period of 2 consecutive weeks.

Footwear expenditure information is collected through the Interview survey and results cover average expenditures in a 12-month period based on a projection to all Urban households in the U.S. The averages, therefore, include households (consumer units) which reported footwear purchases in the period as well as those who did not make such a purchase. The BLS reports average expenditures based on household income, by geographic region, and age of reference person (household head). The aggregate results are, however, below the expenditure total reported by the Bureau of Economic Analyis.

Average Annual Expenditures For Footwear By Urban Households Classified By Income Before Taxes, 1982-1983

	Average Expenditures For Footwear
Average, all urban households	$ 119
Income Before Taxes:	
Less than $10,000	62
$10,000 - $14,999	84
$15,000 - $19,999	101
$20,000 - $29,999	131
$30,000 - $39,999	168
$40,000 & over	227

Source: U.S. Bureau of Labor Statistics: Consumer Expenditures Survey: Interview Survey, 1982-83

Consumer Prices

Retail footwear prices in June 1986 declined 0.7% from May levels and 1.8% from June 1985 prices, according to the U.S. Bureau of Labor Statistics. Seasonally adjusted, June 1986 prices for footwear edged down 0.4% from May price levels.

Retail prices for women's footwear this June declined 1% from May and 3.4% from June 1985 price levels. Prices for boys' and girls' footwear were down 0.5% for the month and 3.1% for the year. Men's footwear prices in June 1986 averaged 0.6% below May 1985 but were 1% above June 1985 prices.

Consumer Prices (continued)

Consumer Price Index For Footwear
(All Urban Consumers)

	Base Period	Month of June		Annual Average			% Change
		1986	1985	1985	1984	1983	1985/84
All footwear	1967=100	211.5	213.5	212.1	209.5	206.9	+ 1.2%
Men's	12/77=100	142.0	139.8	139.4	136.7	133.6	+ 2.0
Boys' & girls'	12/77=100	133.3	136.8	134.5	132.9	130.9	+ 1.2
Women's	12/77=100	124.6	127.4	126.8	125.9	125.5	+ 0.7

Source: U.S. Department of Labor, Bureau of Labor Statistics

Footwear Sales Trends

Sales through retail outlets of footwear of all types is estimated at $21.8 billion in 1985, covering the purchase of 844 miliion pairs. Based on consumer pruchase tracking studies conducted by Footwear Market Index (FMI), Kormos, Harris & Associates, Nashville, Tennessee, over half the market is concentrated in women's footwear. Men's footwear, which is generally more expensive than women's, represented about 35% of dollar expenditures, but only about 25% of all pairs purchased last year.

Estimated Retail Sales of Footwear By Classification, 1985

	Dollars		Pairs	
	Billions	Percent	Millions	Percent
Total footwear sales	$ 21.8	100.0	843.7	100.0
Men's	7.7	35.3	213.4	25.3
Women's	11.7	53.8	473.1	56.1
Boys'	1.0	4.8	61.0	7.2
Girls'	0.8	3.5	51.7	6.1
Infants'	0.6	2.6	44.6	5.3

According to statistics on footwear sales, based on reports from shoe stores and shoe departments nationwide and compiled by Retail Merchandising Automation (RMSA), Riverside, Calif., sales were generally weak in 1985. Women's styles were strongest in low-heel dress shoes (up 11.3% for the year), but overall sales were flat; men's footwear sales nationally were reported by this source to be down 2.3% compared with 1984; children's footwear gained 2.6%.

Footwear Sales Trends (continued)

Percent Change in Shoe Sales By Style, 1985/1984
By Regions of the U.S.

	Dress	Casual	Boots	Athletic
Men's				
Northeast	+ 1.9%	- 1.2%	- 8.3%	+ 22.2%
South	+ 13.2	- 3.8	- 12.1	+ 11.6
Central	+ 5.6	- 13.9	+ 6.9	+ 31.3
West	+ 1.2	+ 7.8	- 36.1	+ 27.6
Women's				
Northeast	+ 1.1	+ 4.2	- 7.7	+ 16.2
South	- 2.3	- 4.5	- 14.5	+ 8.9
Central	+ 6.0	- 2.9	+ 15.3	- 15.4
West	+ 6.2	- 2.5	- 23.4	- 4.8

Source: RMSA (Footwear News, February 24, 1986)

However, an analysis of fashion footwear sales by Merrill Lynch reported a sales gain of 8% in 1985 compared with 1984. A gain of about 4% was expected in 1986, with the rate of increase dropping to 2.5% in 1987. Merrill Lynch reported that in terms of both price and quality imports would continue to gain favor at the expenses of American producers despite the weakening U.S. dollar.

An analysis of the footwear market in 1986 made at the end of 1985 by Kurt Salmon Associates found a mixed picture, with severe inventory problems that are beginning to ease. Real growth in the footwear business was expected to be around 2%. No gain was expected in unit consumption of men's and boys' shoes. Women's styles were expected to be up 3%, aided by synthetic leathers and colors in high heels.

The athletic and leisure shoe market, once the province of the large brand names, is now up for grabs. There will be keen competition among the brands over each other's maket shares, according to Kurt Salmon. Overall sales are leveling off.

The growth of one-piece unit soles in casual footwear (about 60% of the market) is expected to slow down. However, more interest is being shown by men in "comfort shoes" that imitate dress styles but feature some of the technological developments that played a key role in the development of athletic footwear. Innovative combinations of leather tops with special support features in lightweight shoes have stimulated excellent sales response that was expected to carry over into 1986.

In 1985, the Marketing Science Institute, Cambridge, Mass., issued a report on "Future Trends in Retailing", which included an analysis of footwear sales trends, 1980-1990. The rate of growth in the sale of footwear is expected to decline due, in part, to the drop in the teenage population. Teenagers are an important factor in spending for fashion apparel and footwear.

Footwear Sales Trends (continued)

Counterbalancing negative factors, according to MSI, are such factors as the growth of the population age 25 to 45 and new entrance in the labor force. Along with this is the continued emphasis on health and appearance which includes walking and the need for a variety of athletic (or athletic-look shoes). Government protectionism, if it comes about, could mean fewer low-priced imported shoes in the available market supply.

If the rate of gain in footwear sales (constant dollar) noted in the 1967-1980 period continued, footwear sales in the 1980-1990 period would register a compound annual growth rate in constant dollars of 1.9%. However, the MSI forecast is for the rate to decline to 0.9%.

Footwear (Except Infants' & Toddlers') Sales Growth, 1980-1990

			Existing Trend Continued		The Forecast	
	1967	1980	CAGR* 1980-1990	1990	CAGR* 1980-1990	1990
Per capita sales*	$ 55	$ 65	+ 1.2%	$ 73	+ 0.2%	$ 66
Retail sales (in millions of 1980 dollars)	$10,197	$14,084	+ 1.9%	$17,030	+ 0.9%	$15,400

* Compound annual growth rate.

Source: Marketing Science Institute
Future Trends in Retailing (Feb. 1985)

Retail Sales in Leading Markets

Annual data is compiled and published by Sales & Marketing Management Magazine on retail sales of major merchandise classifications in metropolitan markets. In 1984, according to this source, the 10 leading metropolitan areas in the U.S. accounted for over 26% of total sales of footwear.

Footwear Sales in Leading Metropolitan Markets, 1983

Rank	Metropolitan Market	In Thousands
1	New York, New York	$ 955,345
2	Los Angeles-Long Beach, California	788,261
3	Chicago, Illinois	663,563
4	Boston-Lawrence-Salem-Lowell-Brockton	643,972
5	Philadelphia, Pennsylvania	439,620
6	Detroit, Michigan	383,586
7	Washington, DC	262,466
8	Houston, Texas	341,201
9	Nassau-Suffolk, New York	323,925
10	Dallas, Texas	262,466
	10-market total	5,182,905
	Percent of U.S. total	26.2%
	U.S. total	$ 19,747,996

Source: Sales & Marketing Management Annual Survey of Buying Power, Part 11, (October 28, 1985 issue)

RETAIL TRADE

Retail Sales By Type of Outlet

Consumer purchases of footwear are tracked through detailed diaries maintained by a panel of 50,000 households and reporting to Footwear Market Index (FMI), Kormos, Harris & Associates, Nashville, Tennessee. Purchases in terms of pairs and dollars were distributued in 1985 by outlet type as noted below, according to diary records.

Shoe stores have the major share of business, accounting for upwards of 40% of dollar expenditures, depending on the shoe type.

Percent of Footwear Purchases by Outlet Type, 1985

	Men's		Women's		Boys'		Girls'		Infants'	
	Pairs	$	Pairs	$	Pairs	$	Pairs	$	Pairs	$
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Outlet type:										
Shoe stores	35.5	39.9	40.7	43.3	36.2	42.2	40.2	48.9	41.2	52.6
Department stores	8.5	9.4	14.6	18.9	6.9	7.9	7.5	8.7	6.6	7.1
Discount stores	18.0	10.8	15.8	9.1	28.9	20.4	30.4	19.2	32.7	20.5
National catalog chains	12.7	10.9	10.0	8.3	13.5	12.4	10.1	9.6	6.7	6.5
Apparel specialty stores	2.4	3.9	2.3	3.3	1.1	1.3	1.0	1.6	1.6	2.3
Sporting goods stores, pro shops	7.1	7.5	2.0	2.6	3.7	5.0	0.8	1.1	--	--
Mail order	3.1	3.7	2.0	2.5	0.3	0.5	0.2	0.4	0.2	0.3
Factory outlet	2.7	2.8	3.0	2.6	1.4	1.6	1.5	1.9	1.2	1.1
All other	8.4	9.7	6.5	6.7	6.9	7.7	6.1	7.1	7.9	7.8

Source: Footwear Market Index (FMI)

The only official (government) source of information on retail sales by merchanidse line, including sales in major outlet ypes, is the comnplete census of retail trade compiled by the U.S. Department of Commerce, Census Bureau, every five years since 1930.

The most recent census covered operations in the Year 1982 and was limited to stores with payroll. In reporting findings, the Census Bureau made a change which affects comparability with earlier census of retail trade reports. In 1982, leased departments were not separately enumerated but were combined in counts on the store types in which they were operated. This change has increased the number and sales of shoe stores in 1982 compared with earlier years.

Total sales of footwear and footwear accessories (laces, polishes, etc.) in stores with payroll amounted to $17,016.8 million in 1982. Sales of footwear, alone, were reported at $14,754.2 million. This included men's and boys' footwear, $5,168.4 million (35.0%); women's and girls', $8,008.1 (54.3%); children's and juvenile's. $1,557.7 million (10.7%).

Retail Sales By Type of Outlet

Footwear & Footwear Accessories Sales By Major Type of Retail Outlet: 1982
(Includes establishments with payroll only)

	Number of Establishments	Sales By Outlet Type (thous.$)	% of Total
Footwear & footwear accessories sales, reported total	111,607	$17,016,801	100.0
General merchandise group stores*	22,703	3,301,284	19.4
Department stores*	5,290	2,685,558	15.8
Apparel & accessory stores, including shoe stores	57,443	12,545,280	73.7
Men's and boys' wear stores	5,242	291,242	1.7
Women's wear stores	4,322	356,852	2.1
Family clothing stores	9,317	879,589	5.1
Shoe stores	36,277	10,958,441	64.4
Men's shoe stores	4,153	1,075,221	6.3
Women's shoe stores	7,832	2,576,756	15.1
Children's & juveniles' shoe stores*	994	215,657	1.3
Family shoe stores	23,298	7,090,807	41.7
Other apparel & accessory stores	2,285	68,156	0.4
Children's/infants/wear stores**	474	12,655	0.1
Sporting goods stores	9,253	518,343	3.0
Nonstore retailers, total	3,313	353,858	2.1
Mail order houses***	3,201	312,269	1.8
Direct selling establishments	112	42,589	0.3
Other retailers	18,895	297,036	1.8

* Leased departments are not included, but are classified as separate establishments. Discount department stores and department stores operated by national chains (Sears, Ward, Penney) are included as department stores.
** Infants' and toddlers' footwear is not included in the above table. This classification is included by the Census Bureau in data on "children's wear".
***Catalog order desks are included in the sales of the stores in which operated.

Source: U.S. Bureau of the Census:
1982 Census of Retail Trade (RC82-1-3)

Retail Sales By Type of Outlet (continued)

Footwear Sales By Type of Footwear In Reported Retail Outlets, 1982
(Includes only establishments with payroll)

	Estab. (number)	(Mil. $)	Sales % by Footwear/Outlet Type	% of Total
Footwear & footwear accessories, total	111,607	$17,016.8	—	—
Footwear, reported total		14,754.2		100.0%
Men's and boys' footwear, reported total	48,890	5,168.4	100.0	35.0
By type of outlet —				
Department stores	4,814	801.5	15.5	
Shoe stores	29,378	3,741.3	72.4	
Men's shoe stores	4,153	1,017.0	19.7	
Women's shoe stores	1,787	85.1	1.6	
Children's & juveniles' shoe stores	150	2.2	*	
Family shoe stores	23,288	2,637.0	51.0	
Apparel stores	14,698	625.6	12.1	
Men's and boys' wear stores	5,081	252.4	4.9	
Women's ready-to-wear stores	672	17.9	0.3	
Women's accessory & specialty stores	174	2.0	*	
Family clothing stores	8,693	352.2	6.8	
Children's wear stores	78	1.1	*	
Women's and girls' footwear, rep. total	49,775	8,008.1	100.0	54.3
By type of outlet —				
Department stores	5,092	1,704.7	21.3	
Shoe stores	31,626	5,545.3	69.2	
Men's shoe stores	314	14.2	0.2	
Women's shoe stores	7,832	2,303.1	28.8	
Children's & juveniles' shoe stores	189	4.8	*	
Family shoe stores	23,291	3,223.2	40.2	
Apparel stores	13,057	758.0	9.5	
Men's and boys' wear stores	975	28.7	0.4	
Women's ready-to-wear stores	3,486	300.4	3.8	
Women's accessory & specialty stores	609	22.8	0.3	
Family clothing stores	7,920	404.1	5.0	
Children's wear stores	67	2.0	*	
Children's footwear, reported total**	32,423	1,577.1	100.0	10.7
By type of outlet —				
Department stores	3,007	158.0	10.0	
Shoe stores	24,265	1,301.0	82.5	
Men's shoe stores	377	7.5	0.5	
Women's shoe stores	1,863	44.8	2.8	
Children's & juveniles' shoe stores	994	205.8	13.0	
Family shoe stores	21,031	1,042.9	66.1	
Apparel stores	5,151	118.7	7.5	
Men's and boys' wear stores	429	5.7	0.4	
Women's accessory & specialty stores	53	1.3	*	
Family clothing stores	4,227	102.4	6.5	
Children's wear stores	442	9.3	0.6	
Footwear accessories (laces, polishes, etc.)	—	2,262.7	—	

* Less than 0.1%
**Footwear for infants and toddlers is not included. This footwear is combined with data on infants' apparel and other infants' products.

Source: U.S. Bureau of the Census, 1982 Census of Retail Trade

Shoe Stores

Shoe stores account for the major share of footwear sales -- 71.7% of the 1982 dollar total, not including footwear accessories. In men's and boys' footwear, shoe stores accounted for 72.4% of sales in outlets with payroll; in women's and girls' 69.2%; in children's (not including infants' and toddlers'), 82.5%.

Footwear Sales By Type of Shoe Store: 1982
(Includes only establishments with payroll)

	Establishments		Sales with specified merchandise lines		
	Number	%	Amount (thous. $)	%	% by Shoe Type
Shoe stores, total	36,277	100.0	$11,275,397	100.0	--
Footwear sales	36,277	100.0	10,587,691	93.9	--
Men's & boys' footwear	29,378	80.6	3,741,271	33.2	100.0
Family shoe stores	23,288	64.2	2,637,044	23.4	70.5
Men's shoe stores	4,153	11.4	1,016,967	9.0	27.2
Women's shoe stores	1,787	4.9	85,103	0.8	2.3
Children's shoe stores	150	*	2,157	*	*
Women's & girls' footwear	31,626	87.2	5,545,367	49.2	100.0
Family shoe stores	23,291	64.2	3,223,235	23.4	58.1
Men's shoe stores	7,832	21.6	2,303,074	9.0	41.5
Women's shoe stores	314	409	14,237	0.8	0.3
Children's shoe stores	189	0.5	4,821	0.1	0.1
Children's footwear**	24,265	66.9	1,301,053	11.5	100.0
Family shoe stores	21,031	50.0	1,042,918	9.2	80.2
Children's shoe stores	994	2.7	205,768	1.8	15.8
Women's shoe stores	1,863	5.0	44,826	0.4	3.4
Men's shoe stores	377	1.0	7,541	0.1	0.6
Related products:					
Footwear accessories	22,123	61.0	370,750	3.3	--
Other merchandise receipts	--	--	316,956	2.8	--

* Less than 0.1%
**Footwear for infants and toddlers is not included.

Source: U.S. Bureau of the Census,
1982 Census of Retail Trade

According to the 1982 Census, a toal of 11,744 firms in business the entire year operated shoe stores -- a total of 35,512 stores. Sales of shoe stores are highly concentrated among the large firms. In 1982, 61 firms (0.5% of the total) operated over half (55%) of all shoe stores in operation the entire year and accounted for 58.5% of total shoe store sales.

Shoe Stores (continued)

Shoe Store Operations By Size of Firms, 1982
(Retail establishments with payroll)

	No. of Firms*	% of Total Firms	% of Total Stores	% of Total Sales
Total	11,744	100.0	100.0	100.0
Annual sales volume of firms:				
$10.0 mil. or more	61	0.5	55.0	58.5
5.0 mil. - $9.9 mil.	73	0.6	2.9	4.5
2.5 mil. - $4.9 mil.	141	1.2	3.0	4.6
1.0 mil. - $2.49 mil.	595	5.1	4.7	8.2
Less than $1.0 mil.	10,874	92.6	34.4	24.2

* Covers 11,744 shoe store firms in operation entire year 1982, with 35,512 stores.

Shoe Store Single & Multi-Unit Operations, 1982
(Retail establishments with payroll)

	% of Total Firms	% of Total Stores	% of Total Sales
Total	100.0*	100.0%	100.0%
Single-unit organizations	84.8	29.1	23.3
Multi-unit organizations	15.2	70.9	76.7
Operating: 2 - 4 stores	12.5	9.0	10.2
5 - 9 stores	1.6	3.6	5.2
10 or more stores	1.0	58.3	61.2
50 or more	0.1	52.7	54.3

* Based on 12,449 firms in operation anytime during the year 1982, with 36,277 stores. Over half (55.0%) of the stores with payroll were operated by 61 firms with total volume of $10 million or more in 1982; and these stores controlled 58.5% of sales. Multi-unit firms -- of which there were 1,898 in 1982, operated 71% of the shoe stores and had a 77% share of sales. Over half (54.3%) of sales in 1982 were controlled by 37 firms which operated 19,099 stores (53% of the total).

Source: U.S. Bureau of the Census, 1982 Census of Retail Trade

The 50 largest firms operating shoe stores with payroll in 1982 had 53.1% of the stores, and a 56.3% share of sales.

Concentration of Largest Shoe Store Firms, 1982
(Retail establishments with payroll)

	Stores	Sales (mil.)	% of Total Stores	% of Total Sales
All firms *	36,277	$11,275.4	100.0%	100.0%
4 largest firms	8,462	3,079.1	23.3	27.3
8 largest firms	12,557	4,244.2	34.6	37.6
20 largest firms	17,515	5,661.1	48.3	50.2
50 largest firms	19,271	6,345.0	53.1	56.3

* Based on 12,449 firms in operation anytime during the year.

Shoe Stores

Shoe Stores (In Operation Entire Year) By Sales Size, 1982
(Retail establishments with payroll)

	Stores	Sales (mil. $)	% of Total Stores	% of Total Sales
Total	34,080	$10,622.9	100.0	100.0
Annual sales:				
$ 5.0 mil. or more	18	132.5	0.1	1.2
2.5 mil. - $4.9 mil.	60	194.5	0.2	1.8
1.0 mil. - $2.49 mil.	843	1,158.3	2.5	10.9
0.5 mil. - $0.99 mil.	4,010	2,668.3	11.8	25.1
Under $500,000	29,149	6,469.3	85.5	60.9

No figures are available on the number of shoe stores in operation in 1982 which did not have paid employees. However, based on information available for 1977, there are probably over 3,000. In 1977, out of a total store count of 24,712, there were 2,980 stores without payroll (12.1% of the stores) and they accounted for 2.2% of reported sales.

The department of Commerce, Bureau of the Census, reports monthly and annual data on total sales of retail outlets, including shoe stores. These reports covera all stores including both those with and those without payroll. Unlike the procedure used in compiling the 1982 census of retail trade, leased departments are nct counted as separate establishments, but are included in counts on the lessee stores.

Shoe Store Sales, 1983-1985, 1st Six Months 1986
(Millions of dollars)

	1985	1984	1983	% Change Jan.-June 1986/85*	% Change 1985/ 1984	% Change 1984/ 1983	% Change 1983/ 1982
Shoe stores, total	$10,857	$10,335	$9,794	+ 2.8%	+ 5.0%	+5.5%	+7.1%
In chains of 11 or more stores	5,407	5,099	4,761	+11.2	+ 6.0	+7.1	+9.8

Source: U.S. Department of the Census, Bureau of the Census

* Adjusted for seasonal variations, holiday and trading-day differences.

Seasonal Pattern in Shoe Store Sales, 1983-1985
(Percent of Year's Sales By Months)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
1985	6.7%	8.5%	8.5%	9.2%	8.8%	8.1%	7.1%	9.2%	8.2%	8.3%	8.7%	11.0	100.0
1984	7.0	6.5	7.9	8.4	8.3	8.2	7.1	8.8	8.7	8.3	8.8	11.5	100.0
1983	6.5	6.0	8.3	8.4	8.1	7.9	7.3	8.7	8.7	8.8	9.1	12.0	100.0

Dates of Easter: 1986: March 30; 1985: April 7; 1984: April 22.

Source: Based on U.S. Bureau of the Census,
Monthly Retail Trade Reports.

Shoe Stores (continued)

In addition to independent shoe stores, a great number of shoe stores and leased departments are owned by large diversified companies, including both manufacturers and retail operations. Some of these companies are also involved in shoe wholesaling. An analysis of operating results for 1985 was included in the annual financial summary on the footwear industry which ran in Footwear News, July 7, 1986.

Two of the largest diversified retailers operating shoe stores were F.W. Woolworth, with its Kinney Shoe Corp. (operating 3,170 shoe stores at the end of the year) and Melville Corp.'s Thom McAn, Meldisco and Open Country. At year end, Meldisco operated 2,062 stores nationwide; Thom McAn, 1,060 stores.

The Brown Group (which has some non-footwear manufacturing operations) has the largest number of retail outlets (Wohl and Regal), with a total of 4,324 stores and leased shoe departments at the end of 1985.

The year 1985 was a difficult one for shoe retailers. Increased competition from discounters and off-price retailers led to heavy price promotions, especially in the popular price footwear segment. Ten companies classified as primarily footwear retailers in the FN analysis suffered an overall 58% decline in profits compared with 1984, while total sales were nearly flat, dropping 0.1%. The diversified retailers did better. Kinney registered a gain of almost 12% in sales and 22% in operating profits; Volume Shoe (May Department Stores) chalked up a 28.2% sales gain, and a 25.8% rise in profits. Melville's shoe stores, on the other hand, showed a sales gain of only 5.8% for the year, while operating profits were up 3.2%.

Leading Footwear Retailers
Sales & Operating Profit Results, 1984, 1985
(Millions of dollars)

	Footwear Sales			Operating Profit		
	1985	1984	% Change 1985/84	1985	1984	% Change 1985/84
Kinney (Woolworth)	$1,586.0	$1,419.0	+ 11.8%	$189.0	$155.0	+21.9%
Melville Corp.	1,506.2	1,423.3	+ 5.8	158.0	153.1	+ 3.2
Brown Group	1,074.0	1,127.0	- 4.7	82.3	89.9	- 8.5
Volume Shoe (May Dept. Store)	696.7	543.4	+ 28.2	97.6	77.6	+25.8
Morse Shoe	541.6	526.5	+ 2.8	22.8	24.7	- 7.7
Genesco Inc.	538.5	463.3	+ 16.2	10.7	30.6	-65.0
Composite results	$5,942.4	$5,502.5	+ 8.0	$560.4	$530.8	+ 5.6

Source: Fairchild market research department based on company reports.

Shoe Stores (continued)

The National Shoe Retailers Association (NRSA) compiles an annual Shoe Store Operations Survey (SSOS) covering independent shoe stores. The 1985 results showed 31.3% of the 1,508 stores in the survey reporting a loss, as pretax profits averaged just 2.6% of sales, down from 3.1% in 1984. However, this was an improvement compared with the 1983 average of 1.2% and 1.3% in 1982.

According to SSOS studies, from 1983-1985 independent footwear retailers were unable to generate increases in gross margin equal to inflation. In this period, gross margins increased 6.3%, while inflation increased 11.7% and sales rose only 7%. Pressure on margins, according to NRSA, was caused by the heavy price promotions in 1985 run by "regular price" shoe stores and department stores, in an attempt to counter competition from off-price stores and discount houses.

The average initial markup in 1985 was 53.05%. Markdowns ranged from a low of 13.6% of sales in men's shoe stores to a high of 29.9% in women's shoe stores, with an average of 19.6%.

According to a survey of operating expenses for independent shoe stores and small footwear chains conducted annually by RMSA (Retail Merchandising Service Automation), operating expenses in 1985 represented 38.7% of sales, up from 37.9% in 1984. Major expense areas were payroll (15.2%), rent (5.4%), advertising and promotion (3.6%). A factor in increasing percentages of sales accounted for by advertising and promotion was said to be the growing practice of mall landlords to set a requirement on advertising as part of the store's lease arrangement.

Advertising expense ratios for publicly-held shoe store firms, based on an analysis of 10-K reports are compiled annually by Schoenfeld & Associates, Evanston, Ill. The following summary report was published in Advertising Age.

Show Store Advertising Expenditures: 1982-1985

Year	Ad Dollars As A % of Sales	Ad Dollars As A % of Margin*	Ad Dollars Annual Growth Rate %
1985	2.2%	6.1%	0.6%
1984	2.0	5.5	4.4
1983	1.6	4.0	10.2
1982	1.6	4.1	10.9

* Margin is net sales less cost of good sold.

Source: Pansophic Systems and Schoenfeld & Associates (Advertising Age, September 15, 1986)

RETAIL TRADE

Department Stores

In the 1982 census of retail trade, unlike earlier censuses, leased shoe departments were not included in the footwear sales information for department stores, or other stores in which operated, but were counted as separate retail establishments. Reported footwear and related product (laces, polishes, etc.) sales amounted to $2.7 billion. Of this total, men's and boys' footwear accounted for 29.8%; women's and girls', 63.5%; children's (not including infants' and toddlers'), 5.9%; related footwear products, 0.8%.

Footwear & Related Product Sales in Department Stores: 1982
(Not including leased departments)

	Establishments		Amount	Footwear Sales % of total sales of--	
	Number	%	(thous. $)	Estabs. selling footwear	All Estabs.
Department stores, total-all depts.	9,981	100.0	$99,170,163	--	100.0
Footwear & related products, total	5,290	53.0	2,685,556	3.9	2.7
Men's & boys'	4,814	48.2	801,538	1.3	0.8
Women's & girls'	5,092	51.0	1,704,678	2.5	1.7
Children's*	3,007	30.1	157,975	0.4	0.2
Related products	nr	--	21,367	--	**

* Not including footwear for infants and toddlers, which are included in data on children's wear departments.
** Less than 0.1%.
nr not reported.

Source: U.S. Bureau of the Census, 1982 Census of Retail Trade RC82-1-3

Each store location is separately counted as an "establishment". Department stores include both traditional department stores and discount department stores which meet the definition of this store type under the Standard Industrial Classification (SIC) system. Department stores operated by mail order chains (such as Sears) are included in the above table. (By definition, all department stores have 25 or more paid employees).

Overall, department store business has become increasingly concentrated among larger firms, operationg a number of stores. In 1982, there were 502 department store firms -- that is, companies such as Federated, Dayton Hudson, R.H. Macy, etc. -- operating 9,981 department stores (including discount department stores, etc., as noted above). The count on firms should be clearly distinguished from individual companies or divisions operated by these firms, which control the buying for their stores -- such as Bloomingdale's, New York, a division of Federated Department Stores. Counts at the divisional level are not available through census reports.

Department Stores (continued)

In 1985, total sales of department stores amounted to $134,744 million compared with $129,054 million in 1984, according to the U.S. Bureau of the Census. If the 1982 census findings on footwear's contribution to sales (not including leased departments) holds up, footwear sales in department stores amounted to about $3.6 billion last year and about $3.5 billion in 1984.

The National Retail Merchants Association (NRMA) compiles an annual report on Merchandising & Operating Results (MOR) in department stores. The most recent figures cover typical (median) results based on stores' reports covering 1984 operations.

Men's shoe departments registered the strongest gain in sales in 1984 compared with 1983, with a median rise of 10.7%, followed by junior/teens' shoe departments, with a gain of 10.3%.

Department Store Footwear Departments: Selected Operationg Ratios, 1984
(Stores With A Total Volume Over $1 Million)
(Median Results -- Upstairs Departments)

	Total All Shoes	Women's & Misses' Dress/Casual Shoes	Juniors' & Teens' Shoes	Men's Footwear	Children's Footwear
(Number reporting)	(40)	(26)	(25)	(32)	(18)
Cumulative markon, %	51.3%	52.0%	52.6%	47.6%	48.0%
Markdowns, % of net sales	24.8	27.2	24.5	17.9	26.4
Gross margin, % of net sales	42.1	42.0	42.8	42.1	38.6
Net sales, % chg. 1983/82	5.5	8.6	10.3	10.7	- 4.2
Net sales, % of total store	4.7	2.9	0.9	0.8	0.2
Returns, % of gross sales	12.6	13.7	13.8	10.3	nr
$ sales per sq. ft. of selling space	$189.9	$224.6	$250.8	$128.8	nr
Stock turns (times)	2.0	2.2	2.3	1.5	1.3

nr not reported.

Source: National Retail Merchants Association, Merchandising & Operating Results, (1985 Edition).

Specialty Stores

Footwear sales in apparel specialty stores with payroll amounted to $12,545.3 million in 1982, according to the census of retail trade conducted by the U.S. Census Bureau. This total excluded sales of leased shoe departments operating in specialty stores (which were treated as separate shoe stores by the Census Bureau). Reported footwear sales accounted 22.1% of total specialty store sales and 47.9% of sales of the 57,443 specialty stores with payroll reporting footwear sales (out of a total store count of 134,137).

Specialty Stores (continued)

Footwear Sales in Apparel Specialty Stores (With Payroll), 1982

	Number of Establishments		Footwear Sales		
	Total	Selling Footwear	Amount (mil. $)	% of total sales of Stores Selling Footwear	All Stores
Apparel & accessories stores, total	134,137	57,443	$12,545.3	48.9	22.1%
Men's wear stores	17,480	5,242	291.2	10.6	3.8
Women's wear stores	50,961	4,322	356.9	11.2	1.6
Family clothing stores	17,859	9,317	870.6	10.3	6.5

Source: U.S. Bureau of the Census, 1982 Census of Retail Trade (RC82-1-3)

The trade association, Menswear Retailers of America, compiles an annual mail survey among member stores to arrive at typical (median) operating results by type of merchandise. The typical results for reporting men's wear stores in shoe departments was reported as follows:

Men's Wear Stores: Selected Operating Ratios for Men's & Boys' Shoe Departments, 1985
(Median results)

	% of Total Store Sales	% Change in Sales 1984/1983	Markdowns % of Men's Shoe Sales	Stock Turns Per Year (times)
Men's & boys' shoes:				
Firms handling men's wear only	3.6% (32)	+ 0.1% (24)	21.4% (20)	1.5 (13)
Firms which also handle women's wear	3.7% (43)	+ 1.4 (35)	12.6 (32)	1.3 (23)

Source: Menswear Retailers of America, MRA Annual Business Survey (June 1986)

CONSUMER BUYING HABITS

Footwear purchases are tracked on a regular basis, covering three four-month periods throughout the year by Footwear Market Index (FMI), Kormos, Harris & Associates, Nashville, TN. Purchase records for each period, covering footwear for men, women, girls, boys and infants, are obtained through mailings to three demographically balanced nationwide panels of 50,000 households in each period -- 25,000 reporting on footwear for males, 25,000 reporting on footwear for females.

Following are findings on shoe types purchased, place of purchase, etc., based on purchases tracked in 1984 and 1985.

FMI Profile of Purchases of Men's Footwear: 1984, 1985

	1985	1984
Total projected pairs purchased	100.0%	100.0%
Percent distribution		
Styles:		
Dress	29.5	30.9
Casual	13.1	13.7
Work/duty shoes	10.5	10.4
Athletic footwear, including sneakers	40.7	37.1
Western/casual boots	2.4	3.2
Other	3.8	4.7
Sale vs. regular price:		
Sale price	52.1	51.3
Regular price	47.9	48.7
Average price paid (regular & sale)	$ 36.04	$ 36.21
Percent of reported purchases by region:		
Northeast	21.6%	21.9%
North Central	24.0	24.7
South	34.9	33.9
West	19.5	19.5
Total projected pairs purchased		
Percent of purchases by outlet type:		
Catalog chain (Sears, Penney, Ward)	12.8%	13.2%
Department store	8.6	9.4
Discount store (K mart, Target, etc.)	18.1	16.6
Shoe store	35.8	36.4
Sporting goods store/pro shop	7.1	7.2
Mail order	3.1	3.4
Apparel specialty store	2.4	3.1
Factory outlet	2.7	4.0
Other	9.4	6.7

FMI Profile of Purchases of Women's Footwear, 1984, 1985

	1985	1984
Total projected pairs purchased	100.0%	100.0%
Percent distribution		
Styles:		
Pumps	23.4	23.1
Other dress shoes	7.0	6.4
Sandals (dress & casual)	20.2	22.7
Casual/boot/jean shoes	4.3	5.2
Loafer/penny mocs	6.8	6.3
Other casual shoes	10.6	9.9
Athletic footwear, incl. sneakers	18.0	17.2
Work/duty shoes	2.5	2.4
Western/high/low boots	3.0	3.1
Fashion dress boots	1.8	1.8
Other footwear	2.4	2.2
Sale vs. regular price:		
Sale price	55.7	53.6
Regular price	44.3	46.4
Average price paid (regular & sale)	$ 24.76	$ 24.86
Percent of reported purchased by region:		
Northeast	22.5	22.7%
North Central	25.1	24.6
South	33.9	34.8
West	18.5	13.1
Percent of purchases by outlet type:		
Catalog chain (Sears, Penney, Ward)	10.1	11.5%
Department store	14.8	15.8
Discount store (K mart, Target, etc.)	16.0	13.9
Shoe store	41.1	39.3
Sporting goods store/pro shop	2.1	2.0
Mail order	2.3	2.1
Apparel specialty store	2.3	2.8
Factory outlet	3.0	3.5
Other	8.3	9.1

FMI Profile of Footwear Purchases for Boys' Girls' and Infants, 1984, 1985

	Boys' Footwear*		Girls' Footwear*		Infants' Footwear*	
	1985	1984	1985	1984	1985	1984
Projected total pairs purchased	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percent distribution						
Styles:						
Dress	12.5	13.5	18.8*	18.5*	--	--
Casual	8.3	8.4	17.6	13.8	--	--
Work shoes/boots	1.8	2.1	0.4	0.2	--	--
Athletic/footwear, incl. sneakers	72.1	69.7	39.9	41.7	--	--
Boots	3.0	1.9	5.2	1.6	--	--
Other	2.3	4.4	18.1	24.2	--	--

(continued)

FMI Profile of Footwear Purchases for Boys' Girls' and Infants, 1984, 1985
(continued)

	Boys' Footwear*		Girls' Footwear*		Infants' Footwear*	
	1985	1984	1985	1984	1985	1984
Sale vs. regular price:						
Sale price	51.3	50.3%	49.4%	47.6%	36.6%	34.5%
Regular price	48.7	49.7	50.6	52.4	63.4	65.5
Average price paid (regular & sale)	$16.95	$16.95	$14.87	$15.44	$12.62	$13.78
Percent of purchases by outlet type:						
Catalog chain	13.7%	18.6%	10.2	12.1%	6.7%	9.7%
Department store	7.0	7.3	7.6	9.1	6.6	6.5
Apparel Specialty Store	1.1	1.5	1.0	1.6	1.6	2.4
Discount store	29.0	27.1	30.8	25.0	32.7	26.9
Shoe store	36.4	34.7	40.7	42.1	41.2	46.9
Sporting goods/pro shop	3.7	3.9	0.8	1.6	0.5	0.5
Factory outlet	1.4	2.0	1.6	1.8	1.2	0.7
Other	7.7	4.9	7.3	6.7	9.5	6.4

* Includes pumps

Source: Kormos, Harris' & Associates, Nashville, TN, (Footwear Market Index).

Shoe Sizes (Adult)

Distribution of Shoe Purchases By Adult Shoe Size
(Percent of Total Footwear Purchases Tracked in 1983)

	Percent
Men's footwear, total	100.0%
Shoe size:	
Under 7	4.9
7 - 7 1/2	7.5
8	7.0
8 1/2	9.0
9	11.9
9 1/2	11.7
10	12.3
10 1/2	11.8
11 - 11 1/2	11.6
12	6.7
Over 12	5.5

Shoe Sizes (Adult) (continued)

Distribution of Shoe Purchases By Adult Shoe Size
(Percent of Total Footwear Purchases Tracked in 1983)
(continued)

	Percent
Women's footwear, total	100.0%
Shoe size:	
Under 5	1.4
5 - 5 1/2	6.6
6	8.3
6 1/2	7.6
7	14.6
7 1/2	12.1
8	16.3
8 1/2	9.2
9 - 9 1/2	12.6
10	6.2
Over 10	5.3

Source: Kormos, Harris' & Associates, Nashville, TN (Footwear Market Index).

Teenage Girls

Every two years, Seventeen magazine conducts a survey among a cross-section of teenagers who are members of their Consumer Panels on fall/winter wardrobes--particularly purchases for going back to school.

The most recent survey was conducted in September 1984. Findings represented a nationwide total of 8,543,000 female teenage students. Projected spending for footwear totaled $985,029,000. 93.5% of the girls had purchased shoes, and 32.7% had purchased boots for back-to-school wear.

Back-To-School Footwear Purchases by Teenage Girls

	No. of Pairs	Expenditures
Projected total (thousands)	32,686	$ 985,029
Percent	100.0%	100.0%
Types of footwear purchased:		
Casuals	31.6	30.3
Dress	21.0	22.2
Sandals/thongs	4.5	2.7
Clogs	0.3	0.3
Jogging shoes	9.5	9.3
Tennis shoes	10.9	9.9
Formal evening	1.9	2.4
Moccasin-type shoes	6.2	5.0
Slippers	1.9	0.7
Boots	11.6	16.6
Other	0.6	3.3

Source: Seventeen's Back-To-School Study, 1985.

SCHEDULE OF ADDITIONAL FACT FILES

COATS, SUITS, RAINWEAR, AND FURS (WOMEN'S, MISSES' AND JUNIORS'): Details number of manufacturers by employment size, cuttings, and value of shipments. Also covered at the industry level are price trends and imports/exports. At the retailer level, data is presented on estimates of retail volume, sales share by outlet, merchandising and operating results, and also focuses on consumer buying habits and plans.

CONSUMER MARKET DEVELOPMENTS: Provides a detailed view of consumers in the U.S., including population by age and income, number of households and living arrangements, school enrollment, educational attainment, the labor force, employment and earnings. Also covers trends in consumer prices, in personal consumption expenditures by product classification, and the outlook for consumer markets based on current economic trends.

DEPARTMENT STORE SALES (Including Selected Major Apparel Specialty Store Sales): Covers sales and the number of stores operated, listed by geographic region and state based on buying headquarter locations. Lists branch store sales where available, as well as plans to open new stores. Sales information on major general merchandise/apparel retail chains, which are listed alphabetically, and a list of department stores with sales of $50 million or more, are included. (1985 Edition available now -- 1986 Edition available in November)

DRESSES & RELATED APPAREL (WOMEN'S, MISSES' AND JUNIORS'): Statistics on the dress and related women's apparel industry, including trends in the number of manufacturers and in production and shipments. Also data on retail sales by outlet type and on consumer buying habits.

FASHION ACCESSORIES (MEN'S AND WOMEN'S): Information on a wide range of fashion accessories including jewelry, watches, gloves, belts, handbags, small leather goods, luggage, neckwear, hats. Includes key information at manufacturer level, as well as sales and consumer data.

FOOTWEAR (MEN'S, WOMEN'S AND CHILDREN'S): A statistical summary of the U.S. footwear industry and footwear markets. Covers domestic production, shipments, and imports. Provides retail sales and merchandising statistics, including sales share by outlet type.

HOME TEXTILES: Information on the industry includes the latest data on number of manufacturers, production and shipments for a wide range of products, including bed linens, towels, blankets and comforters, slip covers, pillows, curtains and draperies. Trends in merchandising, departmental operations and sales by outlet type.

HOSIERY/LEGWEAR (MEN'S, WOMEN'S AND CHILDREN'S): A comprehensive report on these industries at the mill, retailer and consumer levels. Included are details on production and shipments, retail sales by type of outlet and on patterns in consumer spending.

HOUSEHOLD FURNITURE AND BEDDING: Contains U.S. industry-wide data on quantity and value of manufacturers' shipments of furniture and bedding (mattresses and dual-purpose sleep furniture). Retail information includes sales by store type, consumers' furniture style preference, etc.

INFANTS', TODDLERS', GIRLS' AND BOYS' WEAR: Manufacturer data spotlights production, value of shipments, number of manufacturers, employment in the industry by company size, price trends. At the retailer level, data focuses on sales share by type of outlet and on operating ratios in department and specialty stores.

INNER FASHIONS: NIGHTWEAR, DAYWEAR AND LOUNGEWEAR (WOMEN'S, MISSES' & JUNIORS'): Data on production and shipments, tracing market shifts in response to fashion changes, retail trends, sales by outlet type, and merchandising ratios.

MAJOR APPLIANCES AND ELECTRIC HOUSEWARES: Covers a wide range of products in the major appliance and traffic appliance classifications, including equipment, and personal care appliances. Details production and shipments, sales trends, sales by outlet type and retail merchandising results.

MEN'S FURNISHINGS AND WORK WEAR: Includes information on number of manufacturers, production and shipment figures on shirts, underwear, nightwear, neckwear, hats, etc., size of firms, imports and exports. Also provides data at the retail level, including sales and merchandising trends, operating ratios, and sales share by type of outlet.

MEN'S SPORTSWEAR, CASUAL WEAR AND JEANS: The wide variety of men's wear items included in this broad category are covered from available information on the industry at the manufacturer, retailer and consumer level. Included is information on production and shipments, market trends, retail sales by outlet type and consumer buying practices.

MEN'S TAILORED CLOTHING/SEPARATES AND RAINWEAR: Manufacturer level profiled by production value of shipments, employment, size of firms. Data is presented on retail sales, sales share by outlet type and operating ratios. Also data on consumer buying habits.

RETAILING/MERCHANDISING TRENDS: Covers the dramatic changes underway in the operations, of the large retailing organizations, such as the decentralization of operations beyond traditional geographic boundaries and diversification of operations to include store types differing from the primary business. Also covered are developments in brand name merchandising, store labels, designer labels, licensing and off-price retailing.

SALES OF MAJOR CLASSIFICATIONS OF CONSUMER GOODS BY RETAIL OUTLET TYPE: Covers sales of grocery products, drugs, apparel, footwear, sporting goods, home furnishings and other product lines by major type of retail outlet. The sales are detailed, and trends analyzed on market shares held by major outlet types based on the latest complete Census of Retail Trade recently issued by the U.S. Census Bureau.

THE SPORTS/FITNESS/LEISURE MARKETS: Covers developments in the rapidly changing markets for sports and physical-fitness-related merchandise. Contains statistical data on sports equipment, apparel and footwear as well as information on the number of participants in various sports. Also includes findings in a survey on specialized sporting goods retailer operations.

SPORTSWEAR, CASUAL WEAR, SEPARATES AND JEANS (WOMEN'S, MISSES' AND JUNIORS'): A statistical view of this segment of the women's wear industry is provided, including data on production and value of shipments, imports of major categories, sales by type of outlet, price points, seasonal patterns, and consumer buying habits.

A STATISTICAL ANALYSIS OF RETAILING: A detailed statistical summary of retail trade in the U.S. based on findings in the 1982 Census of Retail Trade issued in 1985 by the U.S. Census Bureau. Includes information on the number of outlets by store type, sales, market shares by type of major merchandise classification, sales concentration by size of retail organization, geographical changes, etc. Comparisons (where valid) are made with findings in the last previous census, covering operations in 1977.

THE TEXTILE/APPAREL INDUSTRIES: Industry overview, providing statistics on fibers and fabrics as well as finished goods. Includes information on industry size, concentration of sales by mill/manufacturer size, production and shipments by U.S. mills, as well as exports and imports for end-use markets. Covers capital expenditures and data on mill machinery.

TOILETRIES, COSMETICS, FRAGRANCES AND BEAUTY AIDS: A detailed view of the U.S. industry covering products for both the female and male markets. Includes latest available industry-wide statistics and projections, as well as data on leading manufacturers in various product categories. Consumer expenditures, buying habits and usage of various product types are highlighted, as well as data on sales by outlet type and advertising expenditures by major producers.

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